HOUSE OF REPRESENTATIVES—*Wednesday, June 14, 1989*

The House met at 1 p.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Learn to do good, search for justice, help the oppressed, be just to the orphans, plead for the widow.—Isaiah 1:17.

O God, from whom all blessings flow, may we come to know Your Word not only with our lips, but in our hearts and learn the works of justice in our communities and in our world. Remind us that justice is not a good word spoken with good feelings and lost amid all the other good words that we speak, but it is translating those words into deeds of action with gifts of our time, our talent, and our treasure. May we learn to do good as our faith becomes active in love. This we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SOLOMON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 303, nays 104, not voting 26, as follows:

[Roll No. 84]

YEAS—303

Ackerman	Bereuter	Bruce
Akaka	Berman	Bryant
Alexander	Bevill	Bustamante
Anderson	Bilbray	Byron
Andrews	Boggs	Callahan
Annunzio	Bonior	Campbell (CA)
Anthony	Borski	Campbell (CO)
Applegate	Bosco	Cardin
Archer	Boucher	Carper
Atkins	Boxer	Chapman
Barnard	Brennan	Clarke
Bartlett	Brooks	Clement
Bates	Broomfield	Clinger
Beilenson	Browder	Coelho
Bennett	Brown (CA)	Coleman (MO)
Coleman (TX)	Jones (NC)	Poshard
Combest	Jontz	Price
Conte	Kanjorski	Pursell
Conyers	Kaptur	Quillen
Cooper	Kasich	Rahall
Costello	Kastenmeier	Ravenel
Cox	Kennedy	Ray
Coyne	Kennelly	Regula
Crockett	Kildee	Richardson
Darden	Kleczka	Rinaldo
Davis	Kolter	Ritter
de la Garza	Kostmayer	Robinson
DeFazio	LaFalce	Roe
Dellums	Lancaster	Rohrabacher
Derrick	Lantos	Rose
Dicks	Laughlin	Rostenkowski
Dixon	Leath (TX)	Rowland (CT)
Donnelly	Lehman (CA)	Rowland (GA)
Dorgan (ND)	Lehman (FL)	Roybal
Dreier	Leland	Russo
Durbin	Lent	Sabo
Dwyer	Levin (MI)	Saiki
Dymally	Levine (CA)	Sangmeister
Dyson	Lewis (GA)	Sarpalius
Early	Lipinski	Savage
Eckart	Livingston	Sawyer
Edwards (CA)	Lloyd	Saxton
Engel	Long	Schiff
English	Lowey (NY)	Schneider
Erdreich	Luken, Thomas	Schumer
Espy	Manton	Sharp
Evans	Markey	Shaw
Fascell	Martinez	Shumway
Fawell	Matsui	Shuster
Fazio	Mavroules	Sisisky
Feighan	Mazzoli	Skaggs
Fish	McCloskey	Skeen
Flake	McCollum	Skelton
Flippo	McCurdy	Slattery
Florio	McDade	Slaughter (NY)
Foglietta	McDermott	Smith (FL)
Ford (MI)	McEwen	Smith (IA)
Ford (TN)	McHugh	Smith (NE)
Frank	McMillen (MD)	Smith (NJ)
Frost	McNulty	Smith (VT)
Gallo	Meyers	Snowe
Garcia	Mfume	Solarz
Gaydos	Miller (CA)	Spence
Gejdenson	Miller (WA)	Spratt
Gephardt	Mineta	Staggers
Gibbons	Moakley	Stallings
Gillmor	Mollohan	Stark
Gilman	Montgomery	Stearns
Glickman	Moody	Stenholm
Gonzalez	Morella	Stokes
Gordon	Morrison (CT)	Studds
Gradison	Morrison (WA)	Swift
Grant	Mrazek	Synar
Gray	Murtha	Tallon
Green	Myers	Tanner
Guarini	Natcher	Tauzin
Gunderson	Neal (MA)	Thomas (GA)
Hall (OH)	Nelson	Thomas (WY)
Hall (TX)	Nowak	Torricelli
Hamilton	Oakar	Towns
Hammerschmidt	Oberstar	Traficant
Harris	Obey	Traxler
Hatcher	Olin	Unsoeld
Hawkins	Ortiz	Valentine
Hayes (IL)	Owens (NY)	Vento
Hayes (LA)	Owens (UT)	Visclosky
Hefner	Packard	Volkmer
Hertel	Pallone	Walgren
Hoagland	Panetta	Watkins
Hochbrueckner	Parker	Weiss
Horton	Patterson	Weldon
Houghton	Payne (NJ)	Whitten
Hoyer	Payne (VA)	Wilson
Huckaby	Pease	Wise
Hughes	Pelosi	Wolpe
Hutto	Penny	Wright
Jenkins	Perkins	Wyden
Johnson (CT)	Petri	Wylie
Johnson (SD)	Pickett	Yates
Johnston	Pickle	Yatron
Jones (GA)	Porter	Young (FL)

NAYS—104

Armey	Hefley	Paxon
AuCoin	Henry	Rhodes
Baker	Herger	Ridge
Ballenger	Hiler	Roberts
Barton	Holloway	Roth
Bilirakis	Hopkins	Roukema
Bliley	Hyde	Schaefer
Boehlert	Inhofe	Schroeder
Brown (CO)	Ireland	Schuette
Bunning	Jacobs	Sensenbrenner
Burton	James	Shays
Carr	Kolbe	Sikorski
Chandler	Kyl	Slaughter (VA)
Clay	Lagomarsino	Smith (MS)
Coble	Leach (IA)	Smith (TX)
Coughlin	Lewis (CA)	Smith, Denny (OR)
Craig	Lewis (FL)	Smith, Robert (NH)
Crane	Lightfoot	Smith, Robert (OR)
Dannemeyer	Lowery (CA)	Solomon
DeLay	Lukens, Donald	Stangeland
DeWine	Machtley	Stump
Dickinson	Madigan	Sundquist
Douglas	Marlenee	Tauke
Duncan	Martin (IL)	Thomas (CA)
Edwards (OK)	Martin (NY)	Upton
Emerson	McCandless	Vucanovich
Fields	McCrery	Walker
Frenzel	McGrath	Weber
Gallegly	McMillan (NC)	Wheat
Gekas	Michel	Whittaker
Goodling	Miller (OH)	Wolf
Goss	Molinari	Young (AK)
Grandy	Moorhead	
Hancock	Nielson	
Hansen	Oxley	
Hastert	Pashayan	

NOT VOTING—26

Aspin	Gingrich	Scheuer
Bateman	Hubbard	Schulze
Bentley	Hunter	Torres
Buechner	Murphy	Udall
Collins	Nagle	Vander Jagt
Courter	Neal (NC)	Walsh
Dingell	Parris	Waxman
Dornan (CA)	Rangel	Williams
Downey	Rogers	

□ 1322

Ms. SNOWE changed her vote from "present" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. DEFAZIO). The gentleman from North Carolina [Mr. BALLENGER] will lead us in the Pledge of Allegiance.

Mr. BALLENGER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT OF SELECTION OF MAJORITY LEADER

Mr. HOYER. Mr. Speaker, as vice chairman of the Democratic Caucus, I have been directed to report to the House that the Democratic Members

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have selected as majority leader the gentleman from Missouri, the Honorable DICK GEPHARDT.

ANNOUNCEMENT OF SELECTION OF MAJORITY WHIP

Mr. HOYER. Mr. Speaker, as vice chairman of the Democratic Caucus, I have been directed to report to the House that the Democratic Members have selected as majority whip the gentleman from Pennsylvania, the Honorable BILL GRAY.

CONGRATULATIONS TO DEMOCRATIC LEADERSHIP

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I simply want to salute the Democratic leadership, all three gentlemen, the distinguished Speaker, the gentleman from Washington [Mr. FOLEY] and the gentleman from Missouri [Mr. GEPHARDT] and the gentleman from Pennsylvania [Mr. GRAY]. They are gentlemen with whom I have served for many years in this House, men of high honor and integrity. We simply want to join in the accolades that I am sure the gentlemen will be receiving for the balance of this day in their having been elected to their respective officers by the Democratic Caucus. We salute the gentlemen.

ELECTION AS MEMBER TO COMMITTEE ON RULES

Mr. HOYER. Mr. Speaker, I offer a privileged resolution (H. Res. 174) and I ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 174

Resolved, That Louise M. Slaughter, of New York, be, and is hereby, elected to the Committee on Rules.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR THE OFFICE OF THE SPEAKER

Mr. FAZIO. Mr. Speaker, I offer a resolution (H. Res. 175) providing funds for the Office of the Speaker, and I ask unanimous consent for its immediate consideration.

The SPEAKER pro tempore (Mr. DEFAZIO). The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 175

Resolved, That, effective June 14, 1989, there shall be authorized the additional sum of $60,000 for the compensation of personnel and other expenses of the Office of the Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. LEWIS of California. Mr. Speaker, reserving the right to object, if the gentleman will respond to a couple of questions, I do reserve the right to object. I do not expect that I will be objecting, nonetheless.

As I understand it, this resolution would increase the authorization for personnel and other items in the Speaker's office up to an additional $60,000, is that correct?

Mr. FAZIO. Mr. Speaker, would the gentleman yield?

Mr. LEWIS of California. I yield to the gentleman from California.

Mr. FAZIO. That is correct.

The resolution is necessary to provide for the humanitarian transition of staff who are involved in the change in the Office of the Speaker.

It provides that $60,000 be added to the authorization of the Office of the Speaker for office personnel and expenses.

No new funds are appropriated here. The $60,000 will have to come from any excess funds that may be available out of funds already appropriated. If such excess funds are found, and if they are needed by the Office of the Speaker, the Committee on Appropriations will take action to transfer those funds under existing transfer authority.

This is necessary because the budget of that office cannot absorb the entire cost, however temporary, of two staff groups. These funds are needed to defray those expenses for a short time while the outgoing staff find new positions.

Mr. LEWIS of California. Mr. Speaker, recently on the Republican side of the aisle, we had a vacancy in our leadership as a result of Mr. Cheney going down to the Department of Defense. I presume, but it has not been made clear for the RECORD that the whip staff or office would be handled in a very similar fashion on this side of the aisle, is that correct?

Mr. FAZIO. That is correct. Mr. Cheney was very successful in having many of his staff join him at the Pentagon, and that may have obviated a need for this sort of temporary allocation of funds, but certainly it would have been our policy and the policy of the majority, I am sure, to accommodate Mr. Cheney, and the minority on this kind of a problem.

Mr. LEWIS of California. Further reserving the right to object for one further question, as I understand this authorization increase, then, would allow for a transfer of appropriated funds from one category to another, should it be necessary, to meet the needs of those personnel?

Mr. FAZIO. That is correct. It would only be done if necessary. The desire, of course, is that the individuals directly affected would be able to handle their transitions without the need for these funds, but in case that did not occur, we did want the flexibility to exist.

Mr. LEWIS of California. Mr. Speaker, the minority was informed regarding this matter in as timely a fashion as possible.

Mr. Speaker, therefore, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FAZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on the resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MINIMUM WAGE VETO OVERRIDE

(Mr. HAYES of Illinois asked and was given permission to address the House for 1 minute.)

Mr. HAYES of Illinois. Mr. Speaker, I rise today to participate in these 1-minute speeches to express my support for the increase in the minimum wage and to express my dismay in yesterday's veto of the bill by President Bush.

However, let me first take a moment to commend my colleague from Maryland, STENY HOYER, for again taking a leadership position on this matter, in keeping the issue of a minimum wage increase in the forefront of our Nation's agenda.

We in the Congress clearly expected the President's veto of our minimum wage bill, but I am still perturbed by this action, especially given such a great need for an increase in the minimum wage. I think that we should provide even more of an increase in the minimum wage than is provided in H.R. 2, the Fair Labor Standards Act amendments, but to think that the President has vetoed the bill because it goes beyond his minimum wage ceiling of $4.25 an hour is outrageous. He now says the 30 cents is not the issue, and I agree. The issue is providing a decent wage to enable Americans to live a decent quality of life.

By merely raising the wage to $4.55 an hour we still leave our Nation's working poor with a purchasing power

that does not bring their families out of poverty and continues to make it impossible for parents to properly feed and clothe their familes. It is plain and simply impossible for them to give their children a decent quality of life.

I would just like to encourage that my colleagues take the opportunity today to vote to override the President's veto because we must stand up for an equitable minimum wage increase for this Nation.

As a member of the minimum wage conference committee, I fully support the congressional minimum wage proposal and I cannot in good conscience further compromise my beliefs and agree to a lower wage increase—a wage which would keep hard working Americans in poverty.

There is absolutely no question as to whether or not there is a need to increase the minimum wage and today we need to vote to override this veto and stand on the side of our Nation's workers.

I thank the Chair for allowing my participation today.

REVISIONS IN THE CLEAN AIR ACT

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, on Monday President Bush announced sweeping revisions to the Clean Air Act. The President deserves high marks for providing the leadership for the first revision since 1977.

We all join him in supporting the goal of cleaner air and an improved environment. However, a quality environment means more than just cleaner air. We also measure our quality of life in terms of jobs and economic opportunity.

Sound national policy must include considerations of economics, energy security, and the environment.

While I have challenged some prior acid rain proposals, I am cautiously optimistic that what President Bush has recommended offers a reasonable starting point for debate on this controversial issue.

It is critical, however, that we protect the viability of the Clean Coal Technology Program.

It would be a travesty to waste the more than $1.5 billion in Federal funds already committed to this program.

The deadlines called for in the President's package could still preclude the use of new technologies currently being developed under the Clean Coal Program.

The most critical element in crafting an acid rain bill is timing. Even if the ongoing Clean Coal Technology Demonstration Program is successful, emission reduction compliance deadlines in the mid-1990's and the year 2000, as proposed by the President, could potentially force the use of costly and inefficient scrubbers or fuel switching, and could prohibit the use of new technologies in helping to achieve emission reductions.

I look forward to working with the President to craft a Clean Air Act that offers the promise of cleaner environment and more secure energy future, while at the same time maintaining the pace of economic growth so necessary to our Nation's future.

Clean coal technologies will contribute to all three of these vital national goals.

CLEAN AIR AND COAL MINING CAN PEACEFULLY COEXIST

(Mr. POSHARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. POSHARD. Mr. Speaker, I am not here to argue against clean air. It is the kind of thing that is easy to support—the kind of thing we should support.

But I am here on behalf of thousands of coal miners who face at best uncertain futures and at worst economic disaster in the wake of acid rain control programs proposed by the administration.

Without significant changes, the United Mine Workers of America predict the administration's plan could cost 30,000 jobs in high sulphur coal areas like mine in southern Illinois.

Instead of ignoring the promise of clean coal technology, we should push it forward, and make reduction through technology part of any solution.

I represent third and fourth generation coal miners who want to continue to serve this country's energy needs. I represent cities and towns that depend on those mines.

We can provide the quality of air and environment we all seek without creating huge new pockets of unemployment and poverty. We must not abandon promising technology, and we must not abandon the working men and women of this country.

RATIONING HEALTH CARE FOR THE ELDERLY IS NO WAY TO BALANCE THE BUDGET

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, there are some Congressmen and administration officials who want to ration physician services to the elderly through so-called expenditure targets as a way to reduce the Federal deficit. I absolutely refuse to balance the budget on the backs of the elderly by restricting health care.

The Canadian system of expenditure targets has worked well for the healthy, but has resulted in rationing and long delays in obtaining medical services for the ill. There are growing waits for necessary surgery, degrading conditions for elderly hospital patients and in some cases, unnecessary and premature deaths waiting in line for treatment by surgeons constrained by the target from operating in time.

And yet there are some here who say that "it can't happen in this country." Proponents of "ET's" claim that the U.S. version would be relatively simple to comply with—just eliminate unnecessary services, physician by physician. This is nothing short of forcing physicians to limit, restrict, or postpone access to services. I will not stand by and allow Congress to betray the promise we made to our senior citizens in 1965—we guaranteed them to the best medicine could offer.

I do not endorse rationing in any form—targets, caps, whatever you want to call them—it all translates into the same thing—balancing the budget on the backs of the elderly.

THE RIGHT CHOICE—OVERRIDE THE VETO ON MINIMUM WAGE

(Mr. BRENNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRENNAN. Mr. Speaker, this is our message: "Vote your conscience and help the working men and women."

Mr. Speaker, today this House has an opportunity to take decisive action on behalf of those who lack a strong political voice but have a strong will to succeed by doing some of the toughest and least desirable jobs in America—those who work for the minimum wage.

We stand today in confrontation with our President over an issue which has been neglected for over 8 years, since the last increase in the minimum wage.

Throughout my years of public life I have consistently maintained that government is about choices—often competing and difficult choices. But today, the right choice is easy. Today, this body has a choice to make regarding the men and women who work for the minimum wage. How can this House be serious about moving people off welfare into a real job if we will not help them to move toward a livable wage. Yes, there is dignity in going to work each day and earning a real income. However, we must be realistic in seeing that the minimum wage allows a worker to meet life's basic needs.

In a body where our salary of nearly $90,000 cause many to struggle, think how hard workers struggle who earn

only one-tenth of that amount. I urge my colleagues to search in their hearts to find the compassion to grant this modest increase in the minimum wage to restore some dignity to working men and women.

I urge an overrride of the President's veto.

A TRIBUTE TO MICHAEL CHANG—WINNER OF THE FRENCH OPEN

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, as the United States continues its search for the next great male tennis star, the word "potential" is often spoken. To be labeled as an individual with potential can often be a double-edged sword. While the notoriety and publicity is very gratifying, most times the pressure of living up to your press clippings can be overwhelming.

However, in the case of teen sensation Michael Chang, pressure is something the other guy must contend with.

A constituent of mine from Placentia, CA, Michael Chang has just won the French Open—the first American to do so since 1955. What makes this accomplishment even more spectacular is that Michael is just 17 years old.

Michael Chang's achievements cover many pages of text. At 15 years old he was the youngest player to ever win a match at the U.S. Open as well as at Wimbledon. And now, after being seeded 15th, Michael worked his way through veterans such as Ivan Lendl, Andrei Chesnokov, and Stephan Edberg to capture the French Open.

My congratulations are warmly extended to Michael and his family, especially his father Joe, for this great work.

EXPRESSING SUPPORT FOR SAVINGS AND LOAN LEGISLATION

(Mr. McMILLEN of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McMILLEN of Maryland. Mr. Speaker, today I rise to talk about H.R. 1278, the savings and loan bill. In particular, I would like to address two aspects of this bill. First, I would like to commend the Ways and Means Committee and the Government Operations Committee for keeping the amount for REFCORP bonds on budget. This saves the taxpayers of this country $4.5 billion. That is very important, given the fact that the administration has grossly underestimated the real cost of this crisis in the future. This is an important savings for the taxpayers of this country.

Second, I would like to state my continued support for the tangible capital requirements currently incorporated in this legislation. Strong capital standards are the only way to insure that we avert another savings and loan disaster and taxpayer bailout. The Banking Committee recognized this and improved H.R. 1278 by adopting explicit tangible capital standards, unlike the administration's legislation which was ambiguous and would have permitted good will to count toward the capital requirement of a savings and loan association amortized over 10 years. This point should not be overlooked, since this crisis is due in great part to the lack of any real capital standards in the industry.

Mr. Speaker, I hope that my colleagues will support this legislation and avoid changing the capital standards and the on-budget treatment.

THE MINIMUM WAGE: IT IS LARGELY SYMBOLIC

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, yesterday President Bush vetoed H.R. 2, legislation raising the Federal minimum wage to $4.55 by 1991. I support this veto.

The continued debate on increasing the Federal minimum wage is an exercise in political symbolism. By raising the wage rate, some Members of this esteemed body can pretend they are helping the working poor. This way, everyone will be viewed as "doing good" even though the results will not match the intentions.

Those who really care about the working poor know that the issue is not raising the minimum wage, but minimizing poverty. That's why the earned income tax credit is the right way to go. Coupling this well-thought-out proposal with a small increase in the minimum wage will allow the working poor to take home more money after taxes and face little risk of losing their jobs.

Vote to sustain the President's veto, so that we can focus debate on a real solution to helping low-income workers.

□ 1340

THE AMERICAN FLAG FIDELITY ACT

(Mr. STAGGERS, asked and was given permission to address the House for 1 minute.)

Mr. STAGGERS. Mr. Speaker, today is Flag Day, a day when all Americans honor our national banner of freedom and independence. The American flag is the national emblem to which American citizens pledge their allegiance and for which American soldiers have died. It is our duty to protect and defend it against attack. My bill, the American Flag Fidelity Act, would do just that.

H.R. 1036 would halt the importation of foreign-made American flags, thereby ensuring the sacred position which our national symbol so justifiably deserves. I ask my colleagues: Why should foreign manufacturers and workers take special care to produce this country's most revered emblem? They won't, to them it is just another export product.

To those who would claim that this is a protectionist measure, I say absolutely. Protecting the American flag is a time-honored tradition. Throughout American history, there has been a practice of keeping the flag raised high, even while soldiers are falling around it in battle. As a proud American, I do not want to salute nor pledge my allegiance to a flag made on foreign shores. Our Nation's most venerated symbol of freedom and democracy deserves sacred treatment and this Congress should provide it.

Mr. Speaker, I ask the Members to support H.R. 1036.

TURTLE PROTECTION PARITY ACT OF 1989

(Mr. SMITH of Mississippi asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Mississippi. Mr. Speaker, I represent a district in south Mississippi where generation of hard-working American and immigrant families have invested their lives in the ups and downs of the shrimping industry. They spend many days and nights working and sleeping in the salty air on the waters of the Mississippi Sound and Gulf of Mexico, in hopes of a bountiful harvest of what once was the cash crop on the gulf coast. When weather and sea conditions bring them poor yields, they tighten their belts, and of course when the yields are high, they live better.

Conditions, economic and otherwise, have brought only lean years in recent years. And now, as of May 1, our shrimpers face the added burden of a Federal regulation requiring them to use turtle exclusion devices. Teds are a noble idea but one which, if applied only to Americans, ignores the identical threat to sea turtles posed by foreign shrimpers. This omission is particularly significant because 80 percent of the shrimp consumed in the United States is imported, and foreign governments do not require their shrimpers to use turtle exclusion devices. Moreover, because teds reduce the catch of shrimp, resulting in additional work and expense to catch the same amount of shrimp caught previously, American shrimpers incur significant costs that are not imposed on their foreign competitors.

In order to protect sea turtles and level the playing field between domestic and foreign shrimpers, I am introducing the Turtle Protection Parity Act. This bill would have the twofold effect of protecting sea turtles from foreign shrimpers while preventing unfair competition to American shrimpers. Only shrimpers from countries that also require the use of turtle exclusion devices would be allowed to enter the U.S. market.

I urge Members of the House to join me in cosponsoring the Turtle Protection Parity Act. It is important to American business competition, and it is important to our environment.

A KIND AND GENTLE VOTE TO OVERRIDE THE VETO

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, President Bush is determined to have a more kind and gentle America. Believe me, he is going to do it. He is kind to give our fighter jet technology to Japan, he is kind to give millions of dollars to the Contras, he is kind to give more foreign aid to everybody all over the world. He is also very kind by wanting to give the rich a very big tax break.

Mr. Speaker, the problem is President Bush is kind to everyone except the American workers. Yesterday he vetoed the minimum wage bill over 30 copper pennies, 30 cents.

Those 8 million American workers at the bottom of the ladder are asking Congress and the President to be a little kind and a little gentle to Americans, and I think today we should culminate this affair on the minimum wage bill by having a kind and gentle vote to override the veto to help American workers. That would be something refreshing.

TWO ACTS TO IMPROVE THE DEPARTMENT OF DEFENSE

(Mr. LANCASTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANCASTER. Mr. Speaker, the time has come to put an end to wasteful Pentagon spending and procurement fraud. I have introduced H.R. 2361 and H.R. 2362 to strengthen the hands of Defense auditors and investigators. H.R. 2361 transfers over 6,000 Government auditors of defense contractors to the direct control of the inspector general's office and gives the inspector general a 10-year term, similar to the FBI Director.

It is no longer practical to have auditors of contractors in one organization and the internal auditors and investigators in another. We need a unified and independent approach to attacking the procurement abuses and wasteful spending from both within and outside the Government. The Pentagon procurement scandal has involved bribes of Government employees by defense contractor employees. Government contract auditors, who are primarily in the Defense Contract Audit Agency, have no authority to audit Government operations. The audits of Government operations are handled by the inspector general's office which also has the authority to conduct criminal investigations.

Currently, the inspector general is appointed for an indefinite term by the President with Senate confirmation, but can be fired by the President at any time. I believe that a 10-year term of office will make the inspector general more independent by not fearing removal for criticizing top officials.

The other bill that I have introduced, H.R. 2362, combines audit, investigation, and inspection units in the Army, Navy, and Air Force under a civilian auditor general in each service who will be appointed by the President and confirmed by the Senate for renewable 6-year terms of office. The services need the same kind of independent and unified auditors and investigators that the Government has in every other major department and agency. We cannot afford the turf battles and unclear responsibilities inherent in the current organizations. H.R. 2362 ends these problems by, first, making the auditor general an accountable focal point for disclosing and eliminating fraud and abuse in each service and second, providing the necessary staffing of 3,000 to 5,000 auditors, investigators, and inspectors needed in each department.

TRIBUTE TO TONY COELHO

(Mr. GUNDERSON asked and was given permission to address the House for 1 minute.)

Mr. GUNDERSON. Mr. Speaker and Members, none of us knows whether we are going to have the opportunity tomorrow to give 1 minutes because of the consideration of the legislation at hand, and so I just want to take the time today to really say a personal statement to one of my friends on the Democratic side of the aisle who, as I think we all know, will be resigning from the Congress effective tomorrow.

Mr. Speaker, I came here 9 years ago, and during those 9 years the gentleman from California [Mr. COEHLO] has become a good professional and a personal friend of mine. We have had the chance during those 9 years to serve in the House Committee on Agriculture. I think both of us take great pride in particularly our efforts jointly in working on the dairy section of that 1985 act. We have had a chance through these years to discuss the professional realities of the Congress, to discuss the partisan realities of good, honest bipartisan infighting between Republicans and Democrats.

However, Mr. Speaker, above and beyond all that there is a time to set professional bipartisanship aside and care for each other as people. Here is one Republican who cares deeply about TONY as a friend and wants him to know he has the best wishes of many of us as he goes forward.

SAVINGS AND LOAN BILL CRITICAL TO ECONOMIC SYSTEM, HOME OWNERSHIP

(Mr. PICKETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKETT. Mr. Speaker, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to rescue the savings and loan industry of this Nation is one of the most important issues we will consider all year.

At the heart of this debate is the strength and vitality of a large segment of our country's financial system, a system that is essential to a healthy economy. In spite of the many problems that have resulted from the lax regulation, fraud, mismanagement, and greed about which we have heard so much, we know that millions of Americans still depend upon these savings institutions to meet a large part of their financial needs, and we cannot ignore that fact now.

These institutions still finance more than half of this Nation's home mortgages and are the place where millions of Americans have deposited their funds in insured savings accounts. We must protect the savings of these Americans and justify the confidence of our people in the thrift industry. Savings are essential to the growth of our economy. This legislation costs money, and it is not easy to spend public money to correct mistakes of this kind. But the integrity of our deposit insurance program must be maintained and the regulatory and structural problems in the savings and loan industry must be corrected. I urge my colleagues to support this bill.

WHY CITIZENS IN CHINA ARE FIGHTING TANKS AND GUNS WITH ROCKS AND FISTS

(Mr. MARLENEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARLENEE. Mr. Speaker, "June Third, 1989: Bloody Sunday in Beijing." A full-page ad in this morning's USA Today newspaper makes the point best. If the Chinese had the right to keep and bear arms, they would be free today. The administra-

tion and gun-control advocates propose that we turn over—to a government agency—the authority to decide what firearms are legitimate for "sporting purposes."

The Chinese did that a long time ago. And they died in Beijing Sunday, June 8.

And, Mr. Speaker, why will the publisher of Newsweek not run this ad by the National Rifle Association of America which outlines why citizens in China are fighting tanks and guns with rocks and fists.

Why won't Newsweek run this ad, just as "the nation's newspaper" USA Today did?

□ 1350

THE IMPORTANCE OF ADEQUATE CAPITAL IN OUR LENDING INSTITUTIONS

(Mr. OLIN asked and was given permission to address the House for 1 minute.)

Mr. OLIN. Mr. Speaker, today and for the next 2 days we are going to hear a lot about the savings and loan disaster. The committees have done a very fine and responsible job in coming forth with a bill to resolve this critical problem. Of course, the first priority is to keep our commitment to the millions of depositors and to do that at the lowest possible cost; but beyond that, we owe it to the people of this Nation to enact the changes that will prevent this from ever happening again.

There are many important changes in the bill of the committee, but probably the most important is the requirement that there be adequate capital in these institutions, that their owners have their own money up front. There is no place in that capital requirement for good will, no place in that upfront money.

So Mr. Speaker, I urge my colleagues to vote down any effort to make good will into hard cash, because too much good will will lead to bad management. In a few years we will be right back in the soup and this mess that we are trying to clean up today.

MAINTAIN TOUGH CAPITAL STANDARDS RECOMMENDED BY BANKING COMMITTEE

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, today the House will begin consideration of the savings and loan bill. I am asking you today to maintain the tough capital standards that the Banking Committee has recommended in this bill.

As I said in a dear colleague letter with 13 other members of the Banking Committee, including the chairman and ranking member, strong capital standards are the heart of the bill. We cannot possibly presume to put this crisis on the road to repair if we're not tough on operators who risk taxpayers' money instead of their own. The use of intangibles such as good will as hard cash just does not make any sense, and I ask my colleagues to consider this carefully. What incentive for prudent management is there when all that is at risk is the thin air value of goodwill? Thrifts that want to engage in risky business ought to have more of their own money at stake.

I implore all of you to be part of the solution to this problem and not to perpetuate it by weakening the core capital requirements in the bill.

PRESERVING THE RIGHTS OF SAVERS, BORROWERS, AND TAXPAYERS DURING THE S&L CRISIS

(Mr. FAUNTROY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAUNTROY. Mr. Speaker, as the previous two speakers have indicated, the House this week will have an opportunity to preserve the rights of savers, borrowers, and taxpayers, as we attempt to resolve the Nation's most expensive financial debacle: the S&L crisis. Until recently the public's awareness of the S&L fiasco was limited due to the news media's perception that the thrift industry's problems and its affect on Joe Q. Public were too complicated and too boring to be understood by the public at large. But as public awareness grows, so does the public's concern over the Congress protecting their rights as savers, home finance borrowers, and taxpayers.

In drafting legislation to solve this crisis, our House Banking Committee has put forth a comprehensive framework for resolving the problems confronting the thrift industry by reforming the regulatory structure of the thrift industry, providing a funding plan for liquidating insolvent S&L's and establishing the financial structure for a viable and ongoing insurance fund. However, it should not be forgotten that Congress has a significant role to exercise in not only resolving the S&L crisis but also to assure that the legislation encompasses a public policy philosophy that protects the rights of savers, borrowers, taxpayers, and homeowners of this country. Therefore Congress should maintain its traditional Democratic commitment to savers and homeowners in that this legislation:

Assures that the home lending finance system continues to provide the benefits of home ownership that Americans have enjoyed for the past 50 years.

Assures that consumers are not unduly burdened with the cost of the bailout.

Assures that the legislation contains enough private sector initiatives to attract additional investment capital to the thrift industry as a means of reducing the amount of taxpayers funds that must be devoted to the FSLIC bailout.

Preserving the role that thrifts have played since their inception is the key to protecting our citizen's savings and ability to purchase homes.

FREEDOM NOW FOR ELIZABETH MORGAN

(Mr. McEWEN asked and was given permission to address the House for 1 minute.)

Mr. McEWEN. Mr. Speaker, as we have seen reported in recent days, the People's Army of Beijing continues to knock on the doors of the citizens of that city to take captive those who had the temerity to demonstrate in behalf of democracy and freedom. Yesterday it was reported that one young man was turned in to the police by his sister.

Mr. Speaker, yesterday a very serious travesty took place here in the D.C. Court for the District of Colombia when Judge Dixon sought to convince the brother of Dr. Elizabeth Morgan, a Harvard medical doctor who refuses to turn over her 6-year-old daughter to her divorced husband, who has been accused previously of having sexually violated his two daughters. She refuses to turn over her daughter to him for unsupervised visits. Judge Dixon has locked her up now for the longest period in the history of the United States of America, locked her in jail without any trial or charge. Yesterday he cited her brother an assistant district attorney for the District of Columbia, for refusing to squeal on her, by revealing the location of the protected daughter.

Mr. Speaker, this is an alltime record low in the history of American jurisprudence.

NEW NATIONAL MUSEUM OF THE AMERICAN INDIAN AT SMITHSONIAN

(Mr. CAMPBELL of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAMPBELL of Colorado. Mr. Speaker, I am pleased to come to the well today to announce, that after many months of negotiations, an agreement was recently reached to transfer the exquisite and immense Heye collection of American Indian artifacts and objects to the Smithsonian Institution and to create a National

Museum of the American Indian on the Mall here in Washington.

I would like to invite all Members of this body to join me and our esteemed colleague, the gentleman from Arizona [Mr. UDALL], as original cosponsors of legislation to authorize the creation of the National Museum of the American Indian that not only will be a living memorial to the historic significance of this Nation's first citizens, but also will provide a rich and unique opportunity for all Americans and the many visitors to Washington to experience and share in this splendid legacy.

We are all aware of the tremendous contributions the Smithsonian has made and continues to make, not only to the richness of our Capital, but to the entire Nation, and indeed, the world. This new museum will be an additional treasure to an already fine array of museums, and I am very pleased to be working with the Smithsonian to create this new facility. I would like to take this opportunity to commend our colleagues in the other House Senator DANIEL INOUYE, and Senator JOHN MCCAIN, and also the Secretary of the Smithsonian, Secretary Robert Adams, for their dedication, perseverance, and hard work to seeing the National Museum of the American Indian become a reality.

This legislation is receiving bipartisan support and, again, I would like you to join as an original cosponsor to this legislation.

PRESIDENT BUSH HAS CORRECTLY VETOED MINIMUM WAGE BILL

(Mr. BARTLETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT. Mr. Speaker, yesterday within an hour of receiving the minimum wage package, President Bush correctly vetoed the minimum wage and sent it back by telecopy to the House. His veto will save jobs and will allow new entrants into the work force to get their first jobs and to hold them.

I caution my colleagues when we vote today on the override, before you vote to read and listen to what your constituents have to say about the minimum wage. I have had prepared a two-volume set which I will have at the desk today, a collection of 12 months' work of editorials and news articles from every State in this Union against the minimum wage increase, for the training wage and for an earned income tax credit.

Listen to your constituents. Read the examples. They range from the New York Times to Newsweek to the Birmingham Daily News. Every State in the Nation has editorial writer after editorial writer recounting how the minimum wage hike will cost jobs, will drive people out of work and is in the wrong direction for new entrants into the work force.

Mr. Speaker, I urge a vote to sustain the President's veto and come and read these editorials.

FREEDOM OF SPEECH WITHOUT THREATS

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. APPLEGATE. Mr. Speaker, the first article of the Bill of Rights says that Congress shall make no law abridging the freedom of speech or of the press. The other day the minority whip stood on the floor to chastise and threaten the Democrats, when somebody rose and talked about the savings and loan situation.

He said, "If there is going to be any bashing of George Bush and any bashing of the Republican Party, I just want the Democrats to understand that we are fully prepared to talk about how the mess got so big and who was responsible."

We talk about threats to freedom of speech. In China millions and millions of Chinese rose and spoke to be free, to be able to express themselves, and they were threatened by the Chinese Communist government. And what happened? There were thousands of them who were cut down, and those are the tactics of a totalitarian government, not a democracy.

"Come on, Mr. Whip. You don't really mean that, do you?"

The road goes both ways, and if the gentleman has something to say, say it freely and without threats.

□ 1400

MINIMUM WAGE

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, we know a couple of things about what happens when we raise the minimum wage. We know that it costs jobs and we know that it raises inflation.

Some have framed the minimum wage fight as a class fight, it is rich versus poor. Let me suggest that those who are going to vote in a few minutes to sustain the President's veto are going to vote on the side of low-income people, they are going to vote to keep jobs for low-income people. Work is what low-income people really need, and what they deserve from our society. We ought not force them off the work rolls and on the welfare rolls as a result of raising the minimum wage.

The last thing poor people need in this country is to have inflation rising up so that their minimum incomes are cut for the basic necessities of life as a result of inflation, and minimum wage laws raise inflation rates substantially. So what it does is cut the income of the poor noticeably.

I would suggest if we really want to have this battle on behalf of the low-income people of the country we should sustain the President's veto.

OVERRIDE THE PRESIDENT'S VETO ON FAIR LABOR STANDARDS AMENDMENTS OF 1989

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute.)

Mr. LEWIS of Georgia. Mr. Speaker, I call on my colleagues to override the President's veto on H.R. 2, the Fair Labor Standards Amendments of 1989.

H.R. 2 provides a modest increase in the minimum wage. We have a moral obligation and a mission to override the President's veto of this measure.

The President's veto of the minimum wage bill sends the wrong message. It is not in keeping with his promise of a kind and gentle nation. It hurts the people who he has promised to help, the working poor.

Mr. Speaker, the President's veto will only prolong the economic misery for the working poor. We must not disappoint those Americans at the bottom of the economic ladder. The needs of those who are left out and left behind must be on our agenda. We have to be fair.

Again, I call upon my colleagues to have a conscience, to be fair. Raise the minimum wage, override the President's veto, and do it now.

CONGRATULATING PRESIDENT BUSH ON HIS CLEAR AIR INITIATIVE

(Mr. DREIER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER of California. Mr. Speaker, comprehensive legislative packages to deal with the savings and loan crisis, the budget deficit, Soviet expansion in Central America, crime, education, Third World debt, the issue of troop reduction in NATO are among the proposals which have been put forth by President Bush in the first few months of his Presidency.

I would simply like, Mr. Speaker, to extend congratulations to President Bush for providing his latest legislative package which addresses one of the major concerns which all Americans, and specifically my southern California constituents face, and that is the problem of cleaning up our very, very polluted air. I hope very much that we will be able to move as expeditiously as possible with legislation which can rectify that horrible situation.

OVERRIDE THE PRESIDENT'S VETO ON THE MINIMUM WAGE BILL

(Mr. OWENS of New York asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OWENS of New York. Mr. Speaker, I urge all of my colleagues to vote to override the veto of the minimum wage bill and vote also to put the S&L's on budget. These two are related.

The increase in the minimum wage does not cost taxpayers 1 cent. The bill out on the savings and loan associations will cost a minimum of $295 billion.

Our first concern with the S&L's, of course, is with the depositors. We are in favor of guaranteeing that depositors receive the money that the Federal Government has guaranteed. But of equal concern is the cost to the taxpayer. What are we going to take out of the taxpayers' pocket, and can we not operate to at least put on the table in sight of all this operation by voting to put it on budget where the taxpayers, the Congressmen and everybody else can see what is happening.

The truth is, the savings and loan swindle is really what is threatening the American economy. That is the inflation factor we ought to be concerned about. It will drive up inflation.

A minimum wage increase puts a little more money in the pockets of working people and helps the economy. Vote to override the minimum wage veto and to help boost the American economy by putting money in the pocket of working people, and help to strengthen that economy.

RISING MEDICAL COSTS

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, the doctors of America are getting a bum rap. Many people think the doctors are the main ones responsible for skyrocketing medical costs. Actually 98 percent of our doctors have a very close relationship with their patients and are doing all they possibly can to hold down medical costs.

Our doctors are being caught in a squeeze between big insurance companies and big government. The bulk of the medical dollar today is going for administrative and bureaucratic costs, not to the doctors.

If we really want to bring medical costs down, and it may be heresy to say so, we need less Government involvement instead of more. Now we are being asked to adopt something called expenditure targets. These so-called expenditure targets, or ET's, simply add to our bureaucratic costs and would ultimately lead to rationing of medical care, especially for the elderly.

I call on all of my colleagues to oppose these expenditure targets and try to hold down medical care costs for the care of our citizens.

TIME TO OVERRIDE THE PRESIDENT'S MINIMUM WAGE VETO

(Mr. MFUME asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MFUME. Mr. Speaker, yesterday President George Bush made a grave mistake by vetoing the minimum wage bill. By signing this veto message, President Bush has reneged on his promise for a "kinder and gentler America."

In his statement, the President stated that the bill "would increase the minimum wage by an excessive amount and thus stifle new job opportunities." I find it very difficult to return to my district of Baltimore to inform my constituents that President Bush just vetoed a measure that could have rescued hundreds of families from the brink of poverty. Then, in the same breath, turn around and tell them that President Bush would prefer to give a $30,000 capital gains tax break to Americans who earn $200,000 or more per year.

This is not a very easy pill for me to swallow, so I can understand how our constituents will feel. The minimum wage has not been increased in 8 years. Had the minimum wage kept pace with inflation, it would be set at $4.68.

This means that the thousands of hard-working Americans who earn the minimum wage have no real alternative to public assistance, nor confidence in any relief from their national Government to assist them in caring adequately for their families. Thus, their determination to escape further economic deprivation is further undermined by the administration's stubbornness and refusal to listen to the outcry from those people who are struggling to survive on a subminimum wage.

When the dust clears on this issue, I am more than confident that the American people will realize that an error has been made. Unfortunately, many innocent people will have already fallen between the seams of our Nation's economic safety net.

Therefore, I urge each and every Member of this House to cast their vote where it really counts, on the side of our Nation's work force.

VISIT BY PRESIDENT OF THE GAMBIA

(Mr. DOUGLAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOUGLAS. Mr. Speaker, I was pleased to recently host an informal luncheon for President Jawara of the Gambia and members of his cabinet during their visit to Washington. I was joined by eight other Members in welcoming the President to our country and in discussing issues of importance to both nations.

As a representative from New Hampshire, a State that resembles the Gambia in population and size, I felt an affinity with President Jawara and his delegation. Gambia has one of the best human rights records in all of Africa, and Gambians have been successful in building a functioning democratic government in their country.

I was particularly impressed with Gambia's support for the United States initiative at the meeting in Geneva of the United Nation's Human Rights Commission to highlight Cuban human rights abuses. The Gambian representatives exhibited firm resolve in resisting the pressure of the Cuban delegation and lent their full support to the human rights report.

The initiative on Cuba is just one example of the basic values and principles shared by the United States and Gambia, and I am sure that our two countries will continue to build on this foundation in the future.

MINIMUM WAGE VETO OVERRIDE: RAISE THE MINIMUM RAISE, MR. PRESIDENT

(Mrs. BOXER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOXER. Mr. Speaker, President Bush moved imperceptibly in Alaska while beaches were fouled with oil, thousands of fish and animals killed, and the livelihood of fishermen destroyed. No harshness toward Exxon from our President.

But when America's poorest workers knocked on the White House door, George Bush opened fire with both barrels. He is aiming his first veto at those Americans. I guess it is a matter of finding an easy target. After all, he has not complained that the chairman of Exxon got paid $1.4 million in wages last year, but people who earn the minimum wage do not lobby, they do not fly on corporate jets, and they do not play golf or even horseshoes.

I would like to remind George Bush of what his predecessor said: "Facts are simple things."

Fact: Since 1981, the purchasing power of the minimum wage has decreased by more than 30 percent.

Fact: While the minimum wage has decreased 30 percent, the cost of living has increased 40 percent.

Fact: In 1988, total compensation for CEO's in the Business Week survey topped $2 million for the first time, an increase of 300 percent since 1980; 300 percent versus 30 cents.

Come on Mr. President, get real.

MINIMUM WAGE: WOMEN AND MINORITIES

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I certainly hope that we can override the President's veto relative to the minimum wage. We have seen the Supreme Court in the last two decisions deal a cruel blow to many citizens in this country, particularly women and minorities. And I think we ought to ask because when we talk about these terms, such as minimum wage: What does that really mean? Who are these people who are the recipients of the lowest standard that we can match in this country? They are primarily women. Two-thirds are women.

Mr. Speaker, they are primarily women who receive the proposed $4.55 an hour. The other third primarily are displaced workers who had higher-paying jobs. They are minorities.

People on minimum wage have no access, very often and probably usually is the case, to any other form of benefit. They have no health insurance, they have no pension plan, yet they pay their taxes out of that.

How can we expect people to survive? Override this veto.

TRIBUTE TO CHIEN-JEN CHEN, VICE MINISTER OF FOREIGN AFFAIRS, REPUBLIC OF CHINA ON TAIWAN

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA, Mr. Speaker I would like to extend my heartiest congratulations and warmest aloha to Mr. Chien-Jan Chen on his appointment as Vice Minister of Foreign Affairs for the Republic of China on Taiwan.

Mr. Chen's exceptional educational background and vast experience in international relations distinguish him among the international diplomatic community. His meritorious service as Deputy Representative for the Coordination Council for North American Affairs in indicative of the talent he brings to his new position.

In his many years of work for his country in Washington, DC, Mr. Chen has contributed greatly to mutual understanding between both of our nations. He has brought a creative and insightful mind to the tasks of addressing complex issues which arise between nations who are friends and trading partners.

I am certain that in his new position, Mr. Chen will continue to strengthen the postive forces that bind our two countries together. It has been a pleasure knowing Mr. Chen, and I look forward to working with him in the future for the mutual benefit of our two nations.

DO NOT POLITICIZE THE S&L ISSUE

(Mr. CARPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARPER. Mr. Speaker, in recent weeks I have noticed an effort to politicize the S&L issue. I have just one word of advice for all of us. That word is "don't." There is plenty of blame to go around for the executive branch. There is plenty of blame to go around for the legislative branch—plenty of blame for the Democrats and Republicans on this issue.

We permitted, before many of us came to the Congress, the deregulation of the thrift industry without providing adequate supervision at either the State or the Federal level. We have this week an opportunity to correct that mistake. We permitted many S&L's to be operated under capitalized without really much money at all of the owners being at stake. We have an opportunity to correct that mistake this week, too.

Rather than spend this week shifting the blame, seeking political gain or pointing fingers, I hope that what we will do instead is join hands and pass a bill that will, one, raise the money that we need to shut down truly sick thrifts and pay off-depositors; that will, two, insure that the thrift industry is adequately supervised in the future; and three, to insure that the owners of these thrifts have to put up their own money, real money to meet the capital standards proposed in this bill.

WE NEED TOUGH CAPITAL STANDARDS

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER, Mr. Speaker, we are about to approve the largest bailout in history, and if we do not do it right, we will be here again again in a few years spending another $100 billion.

The S&L bailout will cost more than the Chrysler, Lockheed, and New York City bailouts combined, yet some among us refuse to call for the tough regulations needed to clean up this industry.

For the last 10 years the S&L industry has been playing a giant game of roulette. And they have been gambling with taxpayers' money.

Without tough capital rules, we will be telling these high flying speculators, "OK", go back into the casinos and here are our chips, we'll bail you out again when you need us."

What will the American people think when they hear that this problem, this giant weed, was allowed to grow to $100 billion in the first place, and then Congress planted the seeds for a second disaster?

If we spend billions to bail out the thrifts, and do not pass tough regulations on them, then we will be letting the thrifts have their $50 billion cake and letting then eat it, too.

Mr. Speaker, imagine our country's budget as a bucket, the savings and loan industry is a huge hole in that bucket, and $100 billion has poured out, before we put another $100 billions into the bucket, shouldn't we patch it first?

WHERE IS PRESIDENT "GEORGE" ON THE S&L CRISIS?

(Mr. KLECZKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KLECZKA. Mr. Speaker, last year, the question, "where was George," was heard over and over.

This year, as the House begins consideration of the savings and loan bailout bill, the question has become: "Where is President George"?

When President Bush submitted his FSLIC bailout bill earlier this year, Democrats on the House Banking Committee, in a spirit of bipartisanship, supported him. Indeed, we made the capital provisions tougher.

Now we are at a critical stage. We have got a tough savings and loan bill before the House, but Republicans—the President's own party—are leading a full-court press to weaken the capital standards in the bill.

Where is the President? Democrats moved the bill. We took the heat when we toughened the standards. We took the President at his word when he pledged that "never again" should taxpayers be forced to bail out the FSLIC. For us, that meant strong capital standards.

Now it appears that a majority of the President's own party, dancing to the tune called by a vocal portion of the thrift industry, will vote to gut the capital provisions in the bill.

Where is the President?

According to press reports, he will meet with House Members today on the matter.

I hope he is not a day late and $157 billion short. If this bill is to survive, he will need to bring members of his own party on board, and do it soon.

A lot of parties can share the blame for the current FSLIC mess.

If the President's proposal to resolve that mess is gutted, however, the blame will fall on one party and one party only—the Republican Party.

If Republicans gut the capital provisions in this bill, Mr. President, do not count on Democrats to do any more heavy lifting on this bill. We're on board for an FSLIC bill with tough standards, not a special-interest Christmas tree.

CONSUMER PRODUCTS RECOVERY ACT

(Mr. TORRES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TORRES. Mr. Speaker, we have heard today on one occasion that the oilspill that we have been experiencing in this country has taken a toll on our environment, and our ecology.

For example, it should be important for people to note that the Valdez oil spill, the one that took place not too long ago, represented 11½ million gallons of oil spilled, spilled taking a huge toll on the environment.

But do you know that Americans spill over 400 million gallons a year of oil into our grounds, into our landfill systems, into our storm drains.

Today, Mr. Speaker, I am introducing legislation, the Consumer Products Recovery Act, which will stimulate environmentally sound recycling of used motor oil, batteries and tires.

□ 1420

The act will achieve this goal by making it economically viable for those products to be recycled. This bill would, for the first time, establish a system of market incentive to channel the flow of waste products.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TORRICELLI). The Chair will recognize the gentleman from Massachusetts [Mr. MOAKLEY], the new chairman of the Rules Committee, to call up a privileged resolution from the Committee on Rules, prior to going to unfinished business of the veto override. In doing so, the Chair is not establishing anything to be considered as a precedent.

PROVIDING FOR CONSIDERATION OF H.R. 1278, FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT OF 1989

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 173 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 173

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1278) to reform, recapitalize, and consolidate the Federal deposit insurance system, to enhance the regulatory and enforcement powers of Federal financial institutions regulatory agencies, and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill are hereby waived. After general debate, which shall be confined to the bill and the amendments made in order by this resolution and which shall not exceed two hours, with sixty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs, with twenty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, with twenty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, with ten minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, and with ten minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Rules, the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment now printed in the bill, it shall be in order to consider an amendment in the nature of a substitute consisting of the text entitled "Committee Print, Committee on Rules, June 13, 1989" as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered as having been read, and all points of order against said substitute are hereby waived. The amendment printed in part one of the report of the Committee on Rules accompanying this resolution shall be considered as having been adopted in the House and in the Committee of the Whole. No other amendment to said substitute shall be in order except the amendments printed in part two of the report of the Committee on Rules accompanying this resolution. Said amendments shall be considered only in the order and manner specified in the report and may be offered only by the Member specified, or his designee. Said amendments shall be considered as having been read and shall each be debatable for the time specified in the report of the Committee on Rules, to be equally divided and controlled by the proponent and a Member opposed thereto. Said amendments shall not be subject to amendment except as specified in the report. Said amendments shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole, except for amendment number 1 in part II of the report accompanying this resolution. All points of order against said amendments are hereby waived. If more than one of the amendments on the subject of supervisory goodwill is adopted, only the last such amendment which is adopted shall be considered as finally adopted and reported back to the House. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MOAKLEY] is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Tennessee [Mr. QUILLEN], pending which I yield myself such time as I may consume.

Mr. MOAKLEY. Mr. Speaker, House Resolution 173 is a modified open rule that provides for 2 hours of general debate to be allocated between five committees as follows:

One hour equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance, and Urban Affairs;

Twenty minutes equally divided and controlled by the chairman and ranking minority member of the Ways and Means;

Twenty minutes equally divided between the chairman and ranking minority member of the Committee on Judiciary;

Ten minutes equally divided between the chairman and ranking minority member of the Committee on Government Operations; and

Ten minutes equally divided between the chairman and ranking minority member of the Committee on Rules;

Mr. Speaker, House Resolution 173 waives all points of order against the consideration of the bill and makes in order the text titled, Committee Print, Committee on Rules, June 13, 1989 as an amendment in the nature of a substitute.

The print is only an administrative convenience, for drafting purposes, and consists of the Banking Committee substitute, as modified by Ways and Means Committee amendment No. 1 and the Judiciary Committee amendments.

All points of order are waived against the substitute, and the substitute shall be considered as original text for the purpose of amendment and shall be considered as having been read.

Mr. Speaker, the rule also provides that the amendment printed in part one of the Rule Committee report is to be considered as having been adopted.

This amendment modifies section 717, relating to affordable housing contributions by the Federal Home Loan Bank System, to read—comma by comma—exactly in the form it was before members of the Banking Committee when they adopted the amendment and reported the bill.

Mr. Speaker, I desire to establish a clear history with respect to this provision, although I believe members understand the nature of the political accommodation it implements.

The gentleman from Texas presided over a difficult markup of a long and complicated bill, and won high marks from everyone for the patience and fairness with which he presided.

Subsequently to the committee's reporting action, the chairman of the committee provided technical aspects of the provision, and there has been some controversy over the change.

The distinguished chairman does not concede that anything improper was done. Nor, to the extent that the Committee on Rules acts as his agent in the pending matter, does our committee.

The chairman's modification is neither more nor less substantive than dozens of changes requested by the minority, indeed, the file report incorporates 600 administration requested modifications.

The Gonzalez modification did not produce any additional revenue for the affordable housing program. It was only a good faith effort to negotiate cross committee concerns.

Nevertheless, in the spirit of comity and accommodation that has characterized the gentleman's handling of the bill, the chairman agreed to dispose of the matter in the rule. The intent is only to assure that a side-issue of little importance does not impede the bipartisan goal of moving this vital legislation forward.

Mr. Speaker, the rule further provides that no amendments shall be in order to the substitute except the amendments printed in part two of Rules Committee report. The amendments are to be offered in the order and the manner specified in the report from the Rules Committee and may be offered only by the member specified or his designee. Time is equally divided between the member offering the amendment and a member opposed.

All points of order are waived against the consideration of the amendments, and the amendments are not subject to amendment, except when specified in the report. The amendments will not be subject to a demand for a division of the question in the House or the Committee of the Whole.

As a convenience, to save time, the rule packages a set of cross-committee agreements as a single amendment, but the rule protects the right of any member to demand that any of the five be divided for a separate vote.

Mr. Speaker, that amendment consists of a set a technical amendments that will be offered by the chairman of the Banking Committee [Mr. GONZALEZ] as an en bloc amendment, subject to the demand I have described.

Mr. Speaker, the rule then provides for the consideration of four amendments relating to capital standards. The rule provides that the amendments will be considered in the order printed in the report from the Rules Committee.

If more than one of these amendments are adopted, only the last amendment adopted in the Committee of the Whole will be considered as having been finally adopted and reported back to the House.

I stress that the rule controls, and the fact that the Hyde amendment is drafted to a different title than the others does not affect the operation of the rule.

Mr. Speaker, the goodwill issue is a troubling one for many members. Supervisory goodwill is a concept created by the regulators for their own purposes, and thrifts are the innocent victims of changing standards. Indeed, it is clear that much of the burden of change falls on the least culpable institutions.

Nevertheless, the standards have changed and the intervention of vast taxpayer subsidies create legitimate demands for reform.

It is not my job, as Rules Committee chairman, however, to impose my judgments on my colleagues and our committee has proposed a fair and bipartisan procedure by which the House has a fair opportunity to work its will.

Mr. Speaker, the rule provides for appropriate consideration of 10 other amendments on a number of subjects. I will not take the time to describe them in detail, but I will insert a more detailed summary of the rule under the leave I have obtained.

Finally, Mr. Speaker, the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, H.R. 1278 is a comprehensive bill that would restructure and reform the Nation's savings and loans industry, by authorizing the financing to pay for the merger or liquidation of the savings and loan institutions that are presently insolvent or will become insolvent over the next few years.

The bill provides for the expansion of enforcement powers of the regulatory agencies that will be in charge of overseeing the industry and imposing stiff civil and criminal penalties that will be enforced by the banking agencies and Justice Department.

Mr. Speaker, the bill requires that by the year 1995 all thrifts would have to have tangible capital equaling at least 3 percent of their total assets, and that the counting of supervisory goodwill toward capital would be phased out by the year 1995.

The bill would also establish a new government corporation called the Resolution Trust Corporation. The Corporation would manage and dispose of any assets acquired from thrifts that have been taken over by the Government since January 1, 1989.

Mr. Speaker, the bill further provides housing opportunities for low- and moderate-income families, by establishing an affordable housing program that would provide below market rate loans to thrifts that would be used toward low-cost mortgages.

Mr. Speaker, the Rules Committee met for 3 days last week to consider over 100 amendments that were submitted to this bill. Because this bill is such a complex piece of legislation and in the interest of getting this bill passed and sent to conference in a timely fashion, the Rules Committee made in order only those amendments that dealt with the major issues that are imperative to getting this bill passed out of the House and into conference.

Mr. Speaker, we have all heard the stories from around the country about this failing industry and the hardships that occur when a trusted savings institution fails as a result of mismanagement and neglect. The people most affected by these failures are young families trying to save for that first home, and retirees, who have put their life savings and their personal security in thrift institutions.

The bill we have before us today will begin the long and overdue process of restructuring and strengthening the savings and loan industry, and put an end to the mismanagement and neglect that has plagued this industry for too long. The time to act on this matter is now, any further delay on this bill will only increase the ultimate cost of the cleanup which is presently costing the American taxpayers over $1 billion a month.

I urge my colleagues to adopt this rule and allow the House to proceed to this important bill.

SUMMARY OF PROPOSED RULE, H.R. 1278

GENERAL DEBATE

The rule provides for two hours of general debate as follows:

Committee on Banking, Finance and Urban Affairs, 1 hour.

Committee on the Judiciary, 20 minutes.

Committee on Ways and Means, 20 minutes.

Committee on Government Operations, 10 minutes.

Committee on Rules 10 minutes.

Each allotment is divided equally between the committee's majority and minority floor managers.

BASE TEXT

In lieu of the matter now printed in the bill, the rule makes in order as original text an amendment in the nature of a substitute (Rules Committee print, dated June 13, 1989). The committee print consists of the original amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs with the following modifications:

Ways and Means Committee Amendment No. 1. The amendment inserts a new title

XIV, consisting of amendments to the Internal Revenue Code related to tax aspects of matters otherwise addressed by the bill. The matter is entirely within the jurisdiction of the Committee on Ways and Means, and the Rules Committee received no requests for amendments to the proposed title.

Amendments recommended by the Committee on the Judiciary. The committee amendments modify provisions of titles II and IX of the Banking Committee substitute within the jurisdiction of the Committee on the Judiciary. The Rules Committee received four requests for amendments to the matter, and all are provided for in the rule.

The rule makes one further modification in the base text. Section 717, relating to the Affordable Housing Program, is modified so that it reads in the same form in which it was before the Banking Committee when the committee voted to report.

AMENDMENTS

The rule provides for the consideration of designated floor amendments. Except for the LaFalce amendment, no provision is made for the consideration of any amendments thereto, nor for division of any amendment. In each case amendments will be offered by the Member named or his designee, and time provided is divided equally between the Member offering the amendment, and a Member opposed to the amendment.

Technical "cross-committee" amendments

Chairman Gonzalez will offer a set of technical amendments en bloc. A separate vote can be obtained on any of the amendments, by demand for a division. The *set* of amendments are subject to 1 hour of debate. Since the amendments are agreed text, there may be no opponent, so time is divided between the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs. The amendments represent agreed texts resolving concerns of committee" issues, as follow:

Oakar Amendment No. 51 relating to personnel matters within the jurisdiction of the Committee on Post Office and Civil Service.

De la Garza Amendment No. 61 relating to personnel matters within the jurisdiction of the Committee on Agriculture.

Frank Amendment No. 40 making a technical modification in a Judiciary Committee amendment related to FDIC hearing procedures.

Hawkins Amendment No. 57 (revised), retaining current treatment of "pass through" insurance protection of certain deposits and providing for a study of the issue (No "moratorium" is imposed during the study). Adds Ed/Labor to recipients of study.

Ways and Means Amendment No. 2 (revised), relating to assessment on the Home Loan Bank System to partly fund the RTC activities. $300 million annually, indexed to lower of inflation or bank earnings, with a $600 million cap.

Capital Standards

The rule provides for the consideration of four amendments relating to capital standards. The amendments will be debated and voted or in the following order, and last amendment adopted will prevail:

Quillen Amendment No. 67a, relating to "grandfathering" of accounting treatment of certain supervisory goodwill. [60 minutes]

Schumer Amendment No. 77c, reducing transition period for treatment of goodwill. [60 minutes]

Hyde Amendment No. 47 providing certain administrative review of treatment of supervisory goodwill. [60 minutes]

Gonzalez Amendment, restating the treatment of supervisory goodwill provided in the Banking Committee substitute. [60 minutes]

All amendments are to section 314, except that the Hyde amendment is drafted to section 926, but all address related issues.

Judiciary

The Judiciary Committee amendments modify provisions of titles II and IX and the amendments are treated as original text under the rule. Two amendments to that text are provided for under the rule:

Barnard Amendment No. 2 reinstating Banking Committee language providing for two Justice Department field investigation offices. [40 minutes]

Annunzio Amendment No. 84 reinstating Banking Committee language relating to penalties. [40 minutes]

Financing Amendments

Three amendments relating to financing issues are made in order:

Ways and Means Committee Amendment No. 3 providing for funding under the bill to be treated as "on budget' and exempt from Gramm-Rudman. [60 minutes]

LaFalce Amendment No. 13d to Ways and Means No. 3, eliminating the Gramm Rudman exemption contained in the Ways and Means provision. [30 minutes]

Gonzalez Amendment No. 55b, relating to limitation of RTC borrowing authority. [40 minutes]

Miscellaneous Matters

Other amendments provided for under the rule are:

Kennedy Amendment No. 78a, relating to community reinvestment disclosure. [40 minutes]

Dorgan Amendment No. 12 (revised) limited authority of thrifts to invest in "junk bonds." [40 minutes]

Bartlett Amendment No. 15b to strike the Affordable Housing Program. [60 minutes]

Gonzalez Amendment No. 72, striking a provision of section 206 relating to an institution in San Antonio, Texas. [10 minutes]

Hoagland Amendment No. 20 (revised) providing certain authorities relating to credit unions comparable to treatment of thrifts under the bill. [10 minutes]

□ 1430

Mr. Speaker, under my prior announcement, I yield to my friend the gentleman from Tennessee [Mr. QUILLEN], who has effectively and energetically participated in developing a fair and bipartisan rule. I yield to the gentleman for the purposes of debate only.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the able gentleman from Massachusetts [Mr. MOAKLEY] has explained the provisions of the rule, and let me take this opportunity to congratulate him on assuming the chairmanship of the Rules Committee. He and I have served as ranking members of the Rules Committee for many, many years. He is always a dedicated gentleman, and he is very knowledgeable about the rules of the House.

Mr. Speaker, let me say this to the gentleman: JOE MOAKLEY, it is an honor for me to serve on the committee with you. I extend my congratulations to you again.

Mr. Speaker, I also commend the gentleman from Massachusetts for his dedication in presiding over 3 long days of testimony and for his skill in conducting lengthy and difficult negotiations on this rule. The Rules Committee started with more than 100 amendments and has reduced that to the more manageable number of 15.

Mr. Speaker, it is impossible to please everybody in such a situation. However, this rule will enable us to complete action in 2 or 3 days on a bill that otherwise could have taken weeks. The new chairman of the Rules Committee, the gentleman from Massachusetts [Mr. MOAKLEY], is off to a good start.

Mr. Speaker, one of the amendments made in order by this rule is an amendment I will offer dealing with supervisory goodwill. There will be a full debate of the issue when we get into the amending process. For now, I would just like to note that the amendment was offered in an attempt to deal with a problem faced by a number of savings and loan institutions across the country. Many stronger savings and loans were encouraged by the Government to acquire weaker savings and loans in recent years. Because the Federal regulator did not have the resources to shut down or recapitalize these weak institutions, the healthy institutions were given written agreements allowing them to treat supervisory goodwill as capital for periods of time ranging up to 40 years in some cases. The healthy savings and loans relied on this commitment for business planning purposes. In many cases they would not have agreed to take over the weaker thrifts but for this inducement.

Now in this bill, it is proposed that the Government should renege on its commitments by requiring that savings associations would be required to write off all existing supervisory goodwill on their books within 5 years, for core capital purposes.

Mr. Speaker, a deal is a deal. If Americans cannot trust their own Government, who can they trust? In this case a number of healthy savings and loans trusted their Government. And they should not have the rug pulled out from under them now.

Mr. Speaker, my amendment would simply permit savings associations carrying supervisory goodwill as of April 1, 1989 to continue to do so in accordance with generally accepted accounting principles, or in accordance with an amortization schedule specifically permitted by regulatory agreement. My amendment is a fair and reasonable solution to a difficult problem. It grandfathers in those institutions which worked out agreements with

the Government to carry supervisory goodwill on their books.

Mr. Speaker, when we get to the amending process, I will ask the House to support my amendment, because really a deal is a deal.

At this time I ask the House to support this rule. It provides an acceptable procedure for dealing with a long and complex piece of legislation.

We know that the crisis existing in the savings and loan institutions is a very real crisis, and the problem should be solved. We should get down to the business now of discussing the measure.

Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Tennessee for yielding me the time.

Mr. Speaker, let me, first of all, commend Chairman MOAKLEY and the ranking member, the gentleman from Tennessee [Mr. QUILLEN], as well as all the members of the Rules Committee, for their diligence and their patience in writing a rule that brings this bill to the floor.

Last week, the committee held 3 days of hearings—marathon sessions—in which dozens of members offered at least 100 separate amendments. Certainly, any Member who wanted to be heard on this bill had ample opportunity.

Let me also say that the House is compelled to act on this bill this week. There is no time to be lost—the savings and loan industry in America is hemorrhaging at a rate of at least $10 million a day. And that is an optimistic estimate—the daily loss may be as high as $40 million. Tens of millions of dollars are being drained from failing S&L's that cannot be shut down because there is no money to pay off depositors. Every day that we delay taking action, the problem just gets that much worse.

Mr. Speaker, the rule for H.R. 1278 makes in order ample time to debate the capital standards issue, particularly as it relates to supervisory goodwill. This is, probably, the single most contentious issue in the entire bill. The rule also makes in order the opportunity to debate whether the costs of the S&L bailout should be on budget or off budget, and, most importantly, the issue of whether or not the costs of this bill should be subject to applicability under Gramm-Rudman-Hollings.

Mr. Speaker, given the magnitude of the crisis in America's thrift industry, as well as the need to take immediate action, there is no way the Rules Committee could have made in order every amendment that was presented. We would be here for weeks. I must say, however, that this modified rule is not above criticism.

Mr. Speaker, let me quote something, and I will ask the gentleman from Massachusetts [Mr. MOAKLEY] to listen to this.

> I will do what I can, everyday that I serve in this office, to insure that the rights and privileges of each Member of the House are respected and to insure that the procedure is fair to all.
>
> * * * I understand the responsibility of the Speaker of the House to be a responsibility to the whole House and to each and every individual Member, undivided by that center aisle.

Who said that? Our great new Speaker whom we all respect, TOM FOLEY.

Now, having said all that, let me say to my colleagues that I regret that the committee saw fit to make in order an amendment by Mr. KENNEDY a Democrat, concerning disclosure requirements under the Community Reinvestment Act, but they did not make in order an amendment by Mr. BARTLETT, a Republican, covering the same subject and providing a safeguard to those financial institutions that are acting responsibly.

Mr. Speaker, the committee also saw fit to make in order an amendment by Democrat Chairman GONZALEZ of the Banking Committee, but gave short shrift to Mr. WYLIE, the ranking Republican on the Banking Committee, when he sought to offer an amendment on the same subject.

Mr. Speaker, let us remember the remarks of our Speaker, Mr. FOLEY.

In the same way, the committee saw fit to go with a Quillen-Hyde-Annunzio-LaFalce weakening approach to capital standards, but did not provide opponents of this strategy led by Mr. LEACH of Iowa with an opportunity to offer a strengthening amendment of their own.

□ 1440

Finally, Mr. Speaker, the committee did not allow in order an amendment which would strike at the narrow and parochial provisions in the bill that are mostly designed for hometown political advantage rather than at solving a problem that will affect the entire Nation.

So, Mr. Speaker and my colleagues, I rise in reluctant opposition to this rule because I know all of the hard work that our chairman went through, the members of the committee, and I will conclude right now, Mr. Speaker.

I will vote against this rule, but I shall not fight to defeat it this time, I urge every Member to vote their own conscience.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from Illinois [Mr. ANNUNZIO].

Mr. ANNUNZIO. Mr. Speaker, I support the rule on H.R. 1278 and I want to commend the new chairman of the Rules Committee, the gentleman from Massachusetts [Mr. MOAKLEY] for the fair and impartial manner in which he handled the hearing on this rule. I know this is typical of the outstanding efforts that we will see from the gentleman from Massachusetts in the future.

Everyone in this Chamber is familiar with the school prayer controversy. Today, we will be dealing with the savings and loan prayer controversy. I say that because we can only pray that this legislation will solve the crisis that has seen the savings and loan insurance fund fall into bankruptcy. I sincerely hope that this legislation will solve the crisis and keep the good institutions in operation and put the crooks in jail.

But I must, at the same time, be totally honest when I tell you that I have grave concerns that this legislation will not meet the expectations set for it. Nevertheless, despite the concerns that I and others have, I feel that we should support the legislation in hopes that it will work.

There are a number of factors that weigh heavily against this legislation being successful. And, I would like to take a few minutes to discuss them. First, this legislation calls for $50 billion to clean up the current savings and loan crisis. That may be enough money to solve the savings and loan crisis in its present condition. There is money in this legislation to liquidate and pay off some 500 institutions.

These are institutions that are either currently insolvent, or are so close to insolvency that there is little likelihood that they can recover.

But what the legislation does not deal with, are the hundreds of institutions that are open, operating, making home loans, are not in trouble, and most importantly, are making money. Because of a change in accounting standards, which is included in this legislation, many of these institutions will be forced to close their doors in the coming months.

Now, I want to repeat, because this is important. These are well-run institutions, that have no criminal activity, that are not mismanaged, that are making home loans and are making money. Unfortunately, many of them will be put out of business because of this legislation.

During the amendment process on this legislation an amendment will be offered to correct this problem so that these profitable institutions can continue to operate. But, if that amendment is not successful, then we must understand that we will have to come up with more money to resolve the problems of those well-run institutions that will be liquidated.

It is estimated that between 1,000 and 2,200 of the current 2,900 savings and loans in this country will be put out of business because of these new

accounting standards. According to officials at the Federal Home Loan Bank Board, some 85 percent of all of the assets in the industry may well be lost because of the new accounting terms. I am not going to argue the merits of this issue at this time. I do, however, want Members to realize that Americans across this country are asking, Why should taxpayers' money be used to bail out the crooks in the savings and loan business?

The American taxpayers resent having their money spent in this fashion, and I can't blame them. But, I want to sound this warning today, that if the American taxpayers are not happy spending $50 billion to solve the problem, how are they going to feel when we have to spend another $150 billion to solve the next savings and loan crisis, which is only a matter of months away.

This legislation, in its present form, will not end the problems of the savings and loan industry. And, what the American public should expect is that we will see a smaller savings and loan industry. And because of that, there will be fewer home mortgages available, and interest rates on those loans will increase dramatically.

Let me also point out that there is another area that has caused the collapse of the savings and loan industry that is not being addressed in this legislation. In 1980, Congress began to deregulate the financial institution industry. Congress granted more powers to various financial institutions, particularly savings and loans, which until that time, had been limited primarily to making home loans. It should be noted, that prior to the beginning of the deregulation frenzy in 1980, the savings and loan industry was sound, well-run, and failures were very rare. In fact, during those periods, the industry used the motto that "no one has ever lost a penny in a Federally insured savings and loan."

I voted against the deregulation of the savings and loan industry, and it is one of the best votes that I have ever cast in my 25 years in the House.

I predicted in 1980, that we would see a crisis in the savings and loan industry. I predicted that we would see institutions fail as they moved away from housing loans into more speculative ventures. Unfortunately, I was right and that is the reason that we are here today.

In this legislation there is an amendment which I offered, which will require savings and loans to begin to return to their role as an exclusive housing lender. I had hoped to go further with this push, but there are still those out there who believe that we should not limit the type of loans and investments that savings and loans can make. They hold this belief even though we have seen the total collapse of the savings and loan industry because of deregulation. I hope, in the coming months, that this Congress will realize that deregulation was the wrong way to go to try and help solve the savings and loan problem, and potential problems in other financial institutions.

In closing, let me once again point out that when the savings and loan industry was involved in housing lending almost exclusively, there were no problems. But, when we opened the investment doors to other areas, we did not bring in help for the industry, but rather we brought in chaos. Today, we are paying for that chaos and I hope that we have learned our lesson.

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Speaker, I rise in support of the rule on H.R. 1278. As a matter of principle, I generally oppose any rule which limits debate and the offering of amendments on the House floor. In this case, however, we are faced with what is probably the most important financial institutions legislation since the bank collapse in the early 1930's. The need is great. With each passing day the ultimate cost of resolving this problem grows by at least $20 million as the losses of brain dead institutions, which the Government does not have the money to close, continue to mount. On February 6, the President asked the Congress to act within 45 days. The Senate passed a bill on April 19. We must move the bill now.

Let me say that I generally believe the Rules Committee has done a good job in crafting a rule which permits the major issues to be fully considered on the House floor. But I am concerned about several omissions—first, the amendment that I filed regarding the right of first refusal was not made in order. H.R. 1278 includes a provision which mandates the Resolution Trust Corporation to give qualified nonprofit organizations and others a 3-month—or longer—right of first refusal to purchase residential properties. My amendment would have made the right of first refusal discretionary.

I believe that Members on both sides of the aisle share a goal of utilizing certain RTC real estate wherever possible as housing resources for low-to-moderate income persons, the procedure should not be mandatory. The primary responsibility of the RTC cannot be the disposition of real estate. We cannot afford to tie the hands of the RTC with unwieldy, mandatory procedures. No one, including the sponsor of the provision, has determined the amount of assets that would be subject to the program and no one has come up with any definitive estimate of the costs. Those estimates that have been provided range from $300 million to $1 billion in lost reserves. This is a substantial additional cost that could ultimately fall on the taxpayer.

Second, I had filed with Rules an amendment placing a cap on the amount of notes and obligations that may be issued by the RTC. Unfortunately, only the cap offered by the distinguished chairman of the Banking Committee was made in order. I say unfortunately because that cap is too restrictive and could unnecessarily tie the hands of the RTC, particularly in the first year of operation when the need for action may be greatest.

Finally, I am disappointed that the amendment filed by my friend Mr. LEACH striking various special interest provisions from the bill was not made in order. Such provisions have no place in critical emergency legislation.

I am hopeful that these concerns can and will be addressed in conference. In the meanwhile, I urge my colleagues to support this rule. We must move this legislation through the House as quickly as possible and defeating the rule would only serve to delay the proceedings further.

□ 1450

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the gentleman from Michigan [Mr. WOLPE].

Mr. WOLPE. Mr. Speaker, it is with great reluctance that I rise in opposition to the rule that has been offered. I have the greatest respect for the gentleman from Massachusetts, the chairman of the Committee on Rules, and for the membership of that committee, as I do for the chairman of the Banking Committee. I recognize the extraordinary complexity of the bill that is before us and the difficulty of sorting through the number of amendments that have been proposed.

There is one issue that the committee bill does not address that I believe deserves serious debate and consideration by this body, and that is how to fairly allocate the costs of the savings and loan bailout.

Mr. Speaker, the bill we are about to consider is the result of the most costly disaster in American history. This is not a natural disaster caused by droughts, flood, or tornado. It is a mandate disaster, the result of fraud, of mismanagement, of the absence of effective regulation and oversight.

Yes, there is plenty of blame to go around. The Federal Government clearly deserves a majority of that blame; but let us not beat around the bush. A couple of States, particularly the State of Texas, caused billions and billions of dollars worth of damage that taxpayers around the country will be paying to clean up for years to come.

Contrary to the assertions of the State's defenders, this disaster in Texas was not caused by regional eco-

nomic distress nor to a dramatic drop in oil prices.

What happened, very simply, is that the absence of effective State regulation of State-chartered thrifts allowed high flying entrepreneurs to make extraordinarily speculative investments, and when the energy bubble burst, so did those investments, and insolvency quickly followed.

The dramatic events in the 1986 drop in oil prices was simply the last nail in the coffin. The Texas thrift industry was in serious trouble long before that.

This disaster, in short, was not caused by bad times. It was caused by inexcusable irresponsibility in the good times that preceeded the bad times, and the costs of that irresponsibility are staggering.

In 1988, FSLIC took actions to close or merge State-chartered thrifts across the country at an estimated eventual cost of over $23 billion in 1988 dollars. Texas alone is responsible for over $16 billion, or 72 percent of those costs. There are 34 States across our Nation, however, that did not cause a single dollar in damage, but now will pay billions of dollars in bailout costs.

That is why I was joined by Representatives HORTON, KANJORSKI, KAPTUR, LAFALCE, and ROTH in asking the Rules Committee to make in order an amendment to address this inequity. Our amendment was both fair and reasonable. It would have required States found to be responsible for "excessive costs" to pay a portion of such costs if State-chartered thrifts in that State were to be eligible for Federal deposit insurance in the future.

The objectives of our amendment are fairness and accountability. Our amendment would reduce the burden of the bailout on taxpayers in States which were not responsible for excessive costs. At the same time, it would send a clear message to State governments that the Federal Government will not tolerate future abuses without seeking accountability.

Mr. Speaker, the American people are outraged by this bailout, as they should be. Our amendment would have allowed the Members of this body to indicate their support for introducing a small measure of fairness and accountability into this bill. It is unfortunate that the Rules Committee did not see fit to provide Members with that opportunity. That is why I feel I must oppose this rule.

Mr. QUILLEN. Mr. Speaker, I yield 6 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Speaker, it is my intention to yield 2 of these minutes to the gentleman from Georgia [Mr. BARNARD] in a moment to discuss the affordable housing issue.

Mr. Speaker, I rise in support of the rule. I believe it is a fair rule. It is not an open rule and I think we all advocate open rules in this place, but given the constraints of time, I think this is generally a fair rule. It provides for an adequate discussion of capital standards, an adequate discussion of several amendments such as the credit union amendment and the on-budget, off-budget amendment, which need to be discussed.

I wish the committee had not made in order the community reinvestment amendment, because it is not related to the subject of this bill, and I wish the Rules Committee had made in order the amendment by the gentleman from Iowa [Mr. LEACH] to delete the special exemptions in the Wylie amendment to discuss the right of first refusal.

In addition to that, it does not make in order the Midwest-Northeast coalition amendment which was regionalism and Texas bashing at its worst; so I will support the amendment.

We have a crisis. The FSLIC and the FDIC are being expensed at the rate of $20 million to $40 million a day so long as Congress delays enacting this legislation, so we need to act on it.

The rule also makes in order a deletion of the so-called affordable housing section of the bill. I will be offering an amendment, together with the gentleman from Georgia [Mr. BARNARD], to delete that so-called affordable housing section of the bill. It is neither related to housing nor is it related to affordability and it must be deleted.

Mr. Speaker, I yield to the gentleman from Georgia [Mr. BARNARD].

Mr. BARNARD. Mr. Speaker, I thank the gentleman for yielding to me.

I want to likewise join my colleagues and others on the floor in supporting this very fine rule and certainly endorse what the chairman of the Rules Committee has done and the senior minority member.

This is a fine rule. This particular bill also had referral to three committees other than Banking, the Judiciary, Government Operations, and Ways and Means.

This rule has been structured so that the decisions made by those committees, contrary to what was done in the Banking Committee, can be considered on the House floor so that the entire membership can vote one way or the other on those particular amendments.

I do want to join my colleague in bringing to the attention of the Members the amendment that has been made in order on striking the provision which was in the Banking Committee on affordable housing, subsidizing low-cost housing from the fees of an independent agency. I think this is a decision that the entire membership needs to address, because it is a very significant and far-reaching amendment, inasmuch as we are assessing the income of independent agencies to provide for a Federal program that ought to be funded through our appropriation process.

Likewise, I want to commend the committee because they have not permitted a lot of extraneous amendments coming before the House on this bill. In the Banking Committee, we took up over 200 amendments, considered them very carefully. I think it was wise that they honored the decision of the Banking Committee in that.

So I just want to join my colleague on the affordable housing amendment, as well as the others, and I thank the gentleman for the time.

Mr. BARTLETT. Mr. Speaker, the gentleman from Georgia [Mr. BARNARD] and I will be introducing an amendment and seeking your votes to pass it to delete the so-called affordable housing section of this bill. This section of the bill proposes a new off-budget tax on to private institutions in the private sector that is related only to a new housing proposal. It is unrelated to the savings and loan crisis. It is unrelated to the FSLIC or the FDIC and it is unrelated to this bill. It is a new housing program which has been given no thought, had no introduction as a bill, had no hearing, had no markup, has never been discussed. It is unrelated. It might as well be an SDI amendment onto the transportation bill.

In addition to that, it is bad housing. It provides for a new deep discount multifamily housing program that is only valid if there are 30 year certificates attached to 40 percent of the units. No. 30-year certificates are available in this country today.

Last, this rule is self-executing in a way that taxes the advances of the Federal Home Loan Banks. I want to call the attention of the House that this in fact creates a regional system that robs from the rich and gives to the rich. I want to call to the attention of the House that by dispersing these funds on a district bank by district bank basis, the result of that is for this new housing program, a San Francisco bank gets $22 million; Chicago gets $19 million; Pittsburgh gets $2.6 million; Dallas gets $16 million, and New York gets $8 million.

The fact of the matter is that what this rule does is that it skews the distribution from a rob from the rich to give to the rich system by sending the funds back to those areas of the country that need it the least, because it is being put into this bill. The fact is that it is not good housing. It is a new tax.

□ 1500

It provides for a new type of housing program that no one has ever seen

before, that is, a deep-discount subsidy on multifamily projects only. The single greatest need of housing affordability in this country is in single-family homeownership, and not one dollar of this money will go to single-family homeownership, not one dollar will go to home mortgages, not one dollar.

There are some 29 housing bills that have been introduced in Congress so far in 1989, the Cranston-D'Amato bill, the Roukema bill, the Vento-Saiki bill, the Rouse-Maxwell proposal. HUD is preparing housing proposals today.

Pass this housing affordability section, and we will see the end of consideration of any good housing for the rest of the session.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I want to commend the new chairman of the Committee on Rules. No one is more deserving for such an important position than the gentleman from Massachusetts [Mr. MOAKLEY], and I wish him the very best. I thank him for the time.

Washington is a most unusual place, and maybe I still have not come to terms with it. What bothers me today is that while 8 million American workers at the bottom of the ladder have a small pay raise vetoed over 30 copper pennies, Congress will go forward and bail out a bunch of bankers who ripped off Uncle Sam for $200 billion, and we will conduct it as an exercise today like as if it is business as usual in Washington.

Let us solve the problems. I think there is a statement that has never been truer, and that is a poor man's felony is a rich man's misjudgment, and today the debate will memorialize that for all time, because that is exactly what we are dealing with.

I have heard people come to the floor and talk about blame, and I think it is appropriate today to discuss blame; Congress, the Democrats and Republicans, are to blame for what is happening here today. They took the recommendations of Ronald Reagan, and that said, and I quote "Government should get out of the banking business," and, man, the savings and loan people loved that. They said, "Let us free. Take the regulations off us. Take the shackles off us. Let us to out there and make a buck." Because financing individual family-owned homes for the American dream was just not enough, and Congress went along. They allowed it.

What we have today is we have the beginning of maybe a chapter 11 filing for the biggest corporation in the country, maybe Uncle Sam. It is the beginning, because we do not only cut the taxes for the rich, we throw out a lot of education programs, housing programs, UDAG's, revenue-sharing programs, assistance programs for workers.

People like myself talk about the needs of their district: "We do not have the money," but $200 billion, and I think the standards have to be strong.

I do not know yet what I am going to do on this bill. I do not like the fact that every body said that it is only the American taxpayer back there who is going to get screwed, so let us go forward with the deregulations plans. No one stopped to think that the buck stops somewhere, and if we are not careful, it is not the buck that is going to stop; it is time that Congress starts worrying about stopping the yen and the mark.

Mr. Speaker, I hope we are not here today sort of like arranging deck chairs on the next Titanic, bailing out a group of bankers who probably should be put in jail.

The sad truth is that a poor man who steals a loaf of bread because he has no income ends up in jail, but a group of bankers will get sympathy and a bailout today, and that is the message I do not like coming out of here. I will vote for the rule, and I will listen to this great debate in sympathy for the American banking industry.

I would wish in closing though that those powerful leaders in our body would make sure that the savings and loans and the banks of this country start financing the American home again so people could own a piece of the rock and would not have to import it from Mount Fuji.

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH of Iowa. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, the battle for tough capital standards—for responsible regulation of the thrift industry—is lost before it has been engaged. The reason is simple: Under this rule, weakening amendments are allowed; strengthening amendments have been made incontestible.

For the sake of the record, I'd like to list a series of amendments this Member asked to be made in order:

First, an amendment to increase capital standards to more credible levels.

Second, an amendment that requires savings banks to come under the same provisions of regulation as savings and loans and commercial banks.

Third, an amendment to eliminate special interest exceptions for certain thrifts.

Fourth, an amendment that eliminates double bookkeeping of some thrift institutions that are grandfathered in this bill.

Fifth, an amendment that ends the forbearances that regulators mischieviously granted to certain thrifts.

Sixth, an amendment that requires Fannie Mae and Freddie Mac to meet adequate capital standards.

Seventh, an amendment that gives regulators authority to stop owners of multicontrolled thrifts from bleeding one institution to benefit others.

Instead of these amendments, the committee made in order a series of amendments to weaken the capital standards of this bill, and only one amendment to eliminate a special interest exception—the elimination of which, I might note, is meaningless because that particular institution's concerns are covered by a more general provision of the bill.

Speaking personally, all of us understand that there's been a degree of acrimony that has come to hallmark House proceedings in recent months. I'm chagrined as much as anyone about the individual dimension of the politics of innuendo. But the majority has to understand that on this side of the aisle, there is an enormous degree of frustration, if not rebellion, about some of the procedures under which this House has operated.

As a seven-term member of this body, one who rarely appears before the Rules Committee to ask to be heard on any subject, I must tell you I feel I have paid my dues to this body to the extent that at least one of the amendments I asked to be offered relating to the work of the committee of jurisdiction in which I am the second ranking member would be allowed the privilege of being heard.

I don't presume to know the outcome of any votes on these issues, but I do presume that the views underlying this group of amendments are held by many in this body and by a larger number in the body politic.

At issue in this rule is the question of what can be debated, who can be heard. At issue is also whether the party of reform of the 1970's has not become the party of the status quo in the 1980's.

For the sake of reform, for the sake of comity rather than comedy in this House, for the sake of the taxpayer, I would ask my colleagues to turn down this rule. When confronted with the largest lapse of legislative judgment in this century, over a $100 billion taxpayer debacle, "business as usual" is not good enough.

Let's make the tough decisions now, and not put them off for 18 months or 24 months. As surely as the dawn breaks, these issues are going to be revisited.

Turn down this rule, allow the reform sentiment of this House to be unshackled and openly debated.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 2 min-

utes to the gentleman from California [Mr. LEHMAN].

Mr. LEHMAN of California. Mr. Speaker, I want to congratulate the gentleman from Massachusetts [Mr. MOAKLEY] in his first major undertaking as chairman of the committee. I think he has fashioned an excellent rule, and the committee is to be congratulated. They have put the most important, essential, and contentious elements of the legislation before us on the floor.

The most important debate permitted by this rule is one that we will have tomorrow over capital standards. The capital standards are the center, the linchpin, the guts of this bill. The new capital standards are what the American people get in exchange for their $50 billion-plus. The new capital standards are the public's part of the deal.

For the first time, by passing new capital standards, we will be telling the S&L's that they must put up some, indeed still a very small amount, of their own money into their businesses.

The Quillen and Hyde amendments made in order under this rule to facilitate discussion will allow S&L operators to continue to operate with no money of their own. Flush with a generous infusion from the taxpayers, they will be free to gamble with taxpayer dollars.

In all of the deliberations of the Committee on Banking, Finance and Urban Affairs for 2 years on this issue, the one common factor plaguing all failed thrifts was a lack of capital. This is remedied by the committee print.

The Quillen and Hyde amendments contain no reform at all. They would continue business as usual. I heard all of this talk earlier in the discussion today about a deal being a deal.

My friends, it is not the Government that is altering the deal. It is the S&L industry that has now come to us asking for $100 billion in taxpayer revenue. That is a new deal.

Members of the Committee on Banking, Finance and Urban Affairs insisted that, in exchange for this money, we require them, the S&L's, to raise their capital level to 3 percent over 5 years, still about half of what banks are required to do.

□ 1510

This rule will give us a chance to take a stand on whether or not we want S&L's to participate in the bailout in a fashion that will make it less likely that future bailouts occur, or we can do nothing at all. Let us give the taxpayers a fair deal.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, there is good news and bad news in this rule. The good news is that the Rules Committee has prevented the chairman of the Committee on Banking, Finance and Urban Affairs from modifying the bill unilaterally, thereby making it different from the language which left the committee, and I appreciate that the Rules Committee has guarded the privileges of the House in that way.

However, the bad news is the Rules Committee did deny a requested amendment to pull out of this bill a series of special interest items that have been included in the bill. Let me just give a few examples of what is down in this bill.

There is pork in this bill for Sears, Roebuck and for Chemical Bank of New York, First Interstate Bank of Los Angeles, Merrill Lynch & Co., Columbia Savings & Loan of Beverly Hills, Frost National Bank of San Antonio, Citizens Federal Savings Bank of Miami, American Savings & Loan of Stockton, CA, to name a few, and there are a couple here that are real dandies. In Beverly Hills, for example, that particular bank is getting an exemption to enable it to keep putting its money into junk bonds rather than putting it into housing. That is not exactly what we ought to be trying to accomplish here in the House of Representatives.

In another case we have the Federal Home Loan Bank of San Francisco which is forced to loan the American Savings and Loan of Stockton, CA, $2 billion, which is being forced upon them over the objections of the San Francisco bank. This is ridiculous that we cannot have an amendment to deal with this.

This rule makes in order the largest single taxpayer bailout in history. This rule refuses to make in order an amendment to pull out some of the pork that was put down in this bill for all of the special interests that came into the various committees.

A rule that protects pork should not be adopted. I urge a no vote.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Speaker, first I want to thank the gentleman for yielding time to me.

I rise to oppose the rule on this bill because I do not believe we should give special consideration to specific institutions.

As my colleague from Iowa points out, this bill is filled with special interest amendments. H.R. 1278 should not be designed to give special privileges to those financial institutions who happen to have influential contacts in Washington. I cannot support a rule which would allow, among other provisions:

First. Banks, such as Chemical Bank and First Citicorp, which happen to own a number of thrifts, to avoid the financial responsibility for their thrifts' financial problems. Why should the American taxpayer be expected to foot the bill for this special exemption? I think the owners of these banks, who approved the acquisition of the failing thrifts, should be held accountable for their purchases, not the taxpayers. I cannot support an exemption of this sort.

Second. Likewise, I oppose affiliate exemptions currently outlined in the bill. I don't understand why we must provide for a competitive advantage for certain businesses. As it stands now, the Sears Financial Network would be exempt from a general provision in this legislation that limits transactions between savings institutions and their affiliates. This is wrong.

In summary, there are a handful of special exemptions in this bill that benefit specific institutions. I support Mr. LEACH's amendment which would disallow such special treatment. Since his amendment was not allowed by the Rules Committee, I am today opposing the rule, and I encourage you all to join me in opposing the rule on H.R. 1278. I cannot in good conscience support legislation which grants exemptions at the taxpayers expense.

If we are ever going to straighten out this mess, we must begin by applying equal and fair rules to all institutions affected by this legislation. Vote against the rule. Vote against special exemptions. Let us get to the heart of this problem without creating any new ones.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to point out to the Members of this House that it is important that we pass this rule. We are at a critical point in the history of these institutions, the savings and loans of this Nation.

In addition, I would call attention to the Kenndy amendment. Let me read to Members a few things the amendment does.

It amends the Home Mortgage Disclosure Act to require mortgage lenders to report the number of applications they receive by categories of race, income, and gender, and to report the number of applications they reject by the same categories.

It amends the Community Reinvestment Act of 1977 to require Federal regulatory agencies to publicly disclose the ratings and evaluations that they give to banks and thrifts.

It is a very dangerous amendment, and when it is debated on the floor I urge Members to vote against it.

Mr. Speaker, I urge the adoption of the rule.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia, [Mr. GINGRICH].

Mr. GINGRICH. Mr. Speaker, I simply wanted to rise for a minute to commend the Rules Committee. This is not a perfect rule. I think there are several things I would like to see in order that are not in this rule.

But on the other hand, it has been a very bipartisan process in the various committees. There has been a very serious effort on the part of the Democrats to accommodate the President of the United States. There has been a serious effort to work through some very divisive and very difficult issues and two or three of the most contentious issues are going to come to the floor in the next 2 days, and they are going to be dealt with in a very fair way on very difficult issues.

It seems to me on the Republican side it would be totally appropriate for Republicans to vote for this rule. This is a rule which brings to the floor a bill which the President of the United States has said is the most important centerpiece of saving the financial systems of the United States. It is a rule which brings to the floor a bill which is vital to the economic health of this country. It is not everything we would like. We frankly have inherited a large mess which we are trying to sort out. But I think that the rule creates a relatively fair playing ground for sorting our a number of issues that involve many committees.

I commend the committee for doing what it did, and I wish, as the gentleman from New York said earlier, it had done slightly more. But I think on balance this is not a bad rule and that it is worthy of Republicans voting yes. So I urge my colleagues to vote yes on the rule.

Mr. QUILLEN. Mr. Speaker, I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 3 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. Mr. Speaker, perhaps a new era has arrived in the House, because I agree with the remarks of the gentleman from Georgia. It is a good rule, it is a fair rule, and it represents the path we have taken on this bill, which is a bipartisan bill.

I would say to my colleagues and to the American people, we read about a Congress in disarray. This bill is one of the most difficult bills that could pass under any time in any Congress, and yet here, with all of the "disarray" and troubles and everything else, we have a bill that is very difficult to pass, that is very complicated and that has lots of different conflicting interests which is moving along through this body, as it has moved through the other, and it looks like a fine product will emerge.

This, my colleagues, is Congress at its best, debating issues, trying to figure out complicated issues, trying to do what is in the national interest.

I would like to salute the gentleman from Massachusetts [Mr. MOAKLEY] the chairman of the Rules Committee, on his first major rule. It is an excellent rule, and one that should serve us well.

□ 1520

I would urge my colleagues as we go through the general debate to remember two points: No. 1, yes, we are spending a lot of money but that money is not going to those rogues who plundered their thrifts and plundered the deposit insurance fund. The money is going to depositors, the ma's and pa's who put their money in these institutions, $30,000, $15,000, $5,000 and the money is gone. Our only choice is to tell those people we are not going to honor Uncle Sam's commitment to them or we are, because not a nickel of this money is going to those rogues who threw us into this situation to begin with.

In fact, in another provision of the bill there are very tough criminal penalties including an extension of the statute of limitations, including more money to prosecute and including much stronger penalties, 20 years, $1 million fines, so that those who created the mess could pay for it in both fines and jail time.

The one other argument I would make to my colleagues is on capital. That is probably the most crucial issue we will face as we debate this bill in the next few days.

Just remember it was low capital standards or no capital standards that helped to bring us to this problem to begin with.

We have an obligation to those taxpayers who are footing the bill for this and to ourselves to make sure we say to every thrift institution that has deposit insurance, "Fellows, put your own money up front, not some kind of squishy accounting paper standard but real hard dollars."

I urge my colleagues to support the strong capital standards of the bill. I thank the chairman for his generous yielding of time.

Mr. MOAKLEY. Mr. Speaker, may I inquire how much time remains on my side?

The SPEAKER pro tempore. (Mr. TORRICELLI). The distinguished gentleman from Massachusetts, chairman of the committee, has 5 minutes remaining.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from Delaware [Mr. CARPER].

Mr. CARPER. Mr. Speaker, I think the most contentious and perhaps the most complex issue that we are going to face this week on this legislation is the issue referred to by Mr. SCHUMER, and that is the issue of capital standards.

One of the questions we will be asked to decide is: Is it fair to somehow go back now and modify the agreement under which certain institutions agreed to acquire other failing S&L's?

Let me make just a couple of points if I may: First, some S&L's would have us believe that the principal reason why they entered into those agreements, those acquisitions or mergers, was out of a matter of altruism, doing something good for the country, doing something good for the FSLIC. In return for which the acquiring institution only received an intangible called goodwill to count as capital.

Let me point out that there were a couple of other advantages they gained, not just goodwill on their books.

One of the things they gained, one of the advantages they gained, is new customers. A second advantage that they gained is new deposits. A third advantage that they gained is new markets, markets to which they were denied access in the past in many instances. Finally, they gained new branches, as well.

We are going to be asked to consider whether or not it is fair now to somehow modify some of the earlier agreements and to deny them the full use of this goodwill to meet minimum core capital, or tangible net worth requirements. I guess you could argue in one sense that maybe it is not altogether fair, although under the Banking Committee's bill, acquiring institutions can use that goodwill to meet capital requirements in excess of the minimum 3-percent requirement.

Let me just say I do not think it is fair to the taxpayers either who are going to be asked to ante up over half of the more than $100 billion needed to close insolvent thrifts. It is not fair to them either.

Nor is it fair that the healthy thrifts and the healthy banks in this country are going to be asked to come in and in some cases double or almost triple the deposit insurance that they are paying to atone for the sins and mistakes of some in the thrift industry.

I would urge my colleagues to support this rule. I further urge my colleagues to support the fair, tough and reasonable capital standards that are a part of this bill, too.

Mr. MOAKLEY. Mr. Speaker, I urge my colleagues to adopt this rule and to allow the House to proceed on this very important bill.

Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 330, nays 95, not voting 8, as follows:

[Roll No. 85]

YEAS—330

Ackerman	Early	LaFalce
Akaka	Eckart	Lancaster
Alexander	Edwards (CA)	Lantos
Anderson	Engel	Leath (TX)
Andrews	English	Lehman (CA)
Annunzio	Erdreich	Lehman (FL)
Anthony	Espy	Leland
Applegate	Evans	Lent
Archer	Fascell	Levin (MI)
Armey	Fazio	Levine (CA)
Aspin	Feighan	Lewis (GA)
Atkins	Fields	Lipinski
AuCoin	Fish	Lloyd
Barnard	Flake	Long
Bartlett	Flippo	Lowery (CA)
Barton	Florio	Lowey (NY)
Bateman	Foglietta	Luken, Thomas
Bates	Ford (MI)	Machtley
Beilenson	Ford (TN)	Madigan
Bentley	Frank	Manton
Berman	Frenzel	Markey
Bevill	Frost	Martin (NY)
Bilbray	Gallo	Martinez
Bliley	Garcia	Matsui
Boehlert	Gaydos	Mavroules
Boggs	Gejdenson	Mazzoli
Bonior	Gephardt	McCandless
Borski	Gibbons	McCloskey
Bosco	Gillmor	McCurdy
Boucher	Gilman	McDade
Boxer	Gingrich	McDermott
Brennan	Glickman	McEwen
Brooks	Gonzalez	McGrath
Browder	Gordon	McHugh
Brown (CA)	Gradison	McMillan (NC)
Bruce	Grant	McMillen (MD)
Bryant	Gray	McNulty
Bustamante	Green	Mfume
Byron	Guarini	Michel
Callahan	Gunderson	Miller (CA)
Campbell (CA)	Hall (OH)	Miller (OH)
Campbell (CO)	Hall (TX)	Miller (WA)
Cardin	Hamilton	Mineta
Carper	Hammerschmidt	Moakley
Carr	Hansen	Mollohan
Chandler	Harris	Montgomery
Chapman	Hatcher	Moody
Clarke	Hawkins	Moorhead
Clay	Hayes (IL)	Morella
Clement	Hayes (LA)	Morrison (CT)
Clinger	Hefner	Morrison (WA)
Coble	Herger	Mrazek
Coelho	Hiler	Murphy
Coleman (MO)	Hoagland	Murtha
Coleman (TX)	Hochbrueckner	Myers
Conte	Houghton	Nagle
Costello	Hoyer	Natcher
Coughlin	Huckaby	Neal (MA)
Coyne	Hughes	Neal (NC)
Crockett	Hutto	Nelson
Darden	Hyde	Oakar
de la Garza	Jacobs	Oberstar
DeFazio	Jenkins	Obey
DeLay	Johnson (CT)	Olin
Dellums	Johnson (SD)	Ortiz
Derrick	Johnston	Owens (UT)
DeWine	Jones (GA)	Pallone
Dickinson	Jones (NC)	Panetta
Dicks	Jontz	Parker
Dingell	Kasich	Pashayan
Dixon	Kastenmeier	Payne (NJ)
Dorgan (ND)	Kennedy	Payne (VA)
Downey	Kennelly	Pelosi
Durbin	Kleczka	Penny
Dwyer	Kolbe	Perkins
Dymally	Kolter	Pickett
Dyson	Kostmayer	Pickle
Poshard	Schumer	Tanner
Price	Shaw	Tauzin
Pursell	Shays	Thomas (CA)
Quillen	Shumway	Thomas (GA)
Rahall	Sikorski	Thomas (WY)
Rangel	Sisisky	Torres
Ravenel	Skaggs	Torricelli
Ray	Skeen	Towns
Regula	Skelton	Traficant
Rhodes	Slattery	Traxler
Richardson	Slaughter (NY)	Udall
Ridge	Slaughter (VA)	Unsoeld
Rinaldo	Smith (FL)	Vander Jagt
Ritter	Smith (IA)	Vento
Robinson	Smith (MS)	Visclosky
Roe	Smith (NE)	Walgren
Rose	Smith (NJ)	Walsh
Rostenkowski	Smith (TX)	Watkins
Roth	Smith, Denny (OR)	Waxman
Rowland (CT)	Snowe	Weber
Rowland (GA)	Solarz	Weiss
Roybal	Spence	Weldon
Russo	Spratt	Wheat
Sabo	Staggers	Whitten
Saiki	Stallings	Williams
Sangmeister	Stangeland	Wilson
Sarpalius	Stark	Wise
Savage	Stenholm	Wolf
Sawyer	Stokes	Wyden
Saxton	Studds	Wylie
Scheuer	Sundquist	Yates
Schiff	Swift	Yatron
Schneider	Synar	
Schroeder		

NAYS—95

Baker	Hertel	Petri
Ballenger	Holloway	Porter
Bennett	Hopkins	Roberts
Bereuter	Horton	Rogers
Bilirakis	Hunter	Rohrabacher
Broomfield	Inhofe	Roukema
Brown (CO)	Ireland	Schaefer
Bunning	James	Schuette
Burton	Kanjorski	Schulze
Combest	Kaptur	Sensenbrenner
Conyers	Kildee	Sharp
Cooper	Kyl	Shuster
Cox	Lagomarsino	Smith (VT)
Craig	Leach (IA)	Smith, Robert (NH)
Crane	Lewis (CA)	Smith, Robert (OR)
Dannemeyer	Lewis (FL)	Solomon
Davis	Lightfoot	Stearns
Donnelly	Livingston	Stump
Douglas	Lukens, Donald	Tallon
Dreier	Marlenee	Tauke
Duncan	Martin (IL)	Upton
Edwards (OK)	McCollum	Valentine
Emerson	McCrery	Volkmer
Fawell	Meyers	Vucanovich
Gallegly	Molinari	Walker
Gekas	Nielson	Whittaker
Goodling	Nowak	Wolpe
Goss	Owens (NY)	Young (AK)
Grandy	Oxley	Young (FL)
Hancock	Packard	
Hastert	Patterson	
Hefley	Paxon	
Henry	Pease	

NOT VOTING—8

Buechner	Dornan (CA)	Parris
Collins	Hubbard	Wright
Courter	Laughlin	

□ 1545

Messrs. HEFLEY, HENRY, SMITH of Vermont, VOLKMER, and LAGOMARSINO changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Kalbaugh, one of his secretaries.

APPOINTMENT AS MEMBERS OF THE HOUSE COMMISSION ON CONGRESSIONAL MAILING STANDARDS

The SPEAKER. Pursuant to the provisions of section 5(b) of Public Law 93-191, the Chair appoints as members of the House Commission on Congressional Mailing Standards the following Members of the House:

Mr. UDALL of Arizona, chairman;
Mr. SOLARZ of New York;
Mr. FORD of Michigan;
Mr. FRENZEL of Minnesota;
Mr. LEWIS of California; and
Mr. YOUNG of Alaska.

FAIR LABOR STANDARDS AMENDMENTS OF 1989—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER. The unfinished business is the further consideration of the veto message of the President of the United States on the bill (H.R. 2) to amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate, and for other purposes.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

The gentleman from California [Mr. HAWKINS] is recognized for 1 hour.

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that the time available for debate on the bill, H.R. 2, be divided so as to provide 30 minutes under my control and 30 minutes under the control of the gentleman from Pennsylvania [Mr. GOODLING].

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAWKINS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to urge my colleagues to join with me and vote to override the President's misguided veto of H.R. 2, the Fair Labor Standards Act Amendments of 1989.

How ironic it is, to be on the floor of this House, on June 14, Flag Day, trying to force the President of the United States to sign a modest, reasonable bill that would provide simple economic justice to millions of America's working poor.

A symbol, such as our great flag, is only as strong as the actions behind it, and surely an increase in the minimum wage of $1.20 over a 3-year period, represents the best and most fundamental of all American values, a decent day's wages for a decent day's work.

The real reason the President has vetoed this legislation has nothing to do with the substance of the matter at hand. He vetoed the minimum wage bill to show his supporters his muscles; that he's a strong guy who's willing to stand up to the Congress.

Well, Mr. President, if you want to be so tough, why don't you pick on someone your own size, not the weakest, lowest paid workers in our society.

The President's veto message is full of the same misinformation and inaccuracies that have characterized his opposition to a meaningful increase in the minimum wage from the beginning. Let's set the record straight, point by point.

First, increasing the minimum wage will not result in massive unemployment, nor will the employment prospects of young people and the disadvantaged be adversely affected. The minimum wage has been raised 15 times, and the historical experience offers no evidence of dislocations. In fact, after each increase, employment has actually risen, with the sole exceptions being two recession years. The economies in the 13 States which have already gone above the Federal level are doing quite well.

Second, Mr. Bush states unequivocally in his veto message that economists universally agree that H.R. 2 would result in the loss of job opportunities. This is totally inaccurate. I have right here in my hand a list of 53 well-known, respected economists, including two Nobel laureates, who strongly support enactment of our bill.

Third, The Bush so-called training wage is totally unacceptable. It contains no real training provisions; it's 6 months duration is outrageous, and gives employers carte blanche to have a revolving door policy where they can fire all their training wage employees every 6 months to exploit a whole new batch of workers.

Fourth, people working at and near the minimum wage are not primarily high school kids, living at home, seeking pin money for movies and designer blue jeans. A full 70 percent of minimum wage workers and adults; 5½ million workers make $3.35 per hour or less; and over 10 million others earn between $3.35 and $4.50.

We are talking about over 15½ million Americans, working, but unable to escape poverty. Between one-fourth and one-third are heads of households, and over 90 percent need another wage earner and/or rely on public assistance to merely survive. Mr. Bush expresses concern for the disadvantaged, yet wants to continue to depress the wages of low-income workers.

It has been estimated that in some areas of our country, up to 80 percent of the homeless are working people and members of their families. After losing so much of its purchasing power, the minimum wage has become nothing more than a poverty wage.

Fifth, the final point I wish to make, regards the President's veto message comments about how much he is doing in the field of education and training for young people and the disadvantaged. I must say, that of all the falsehoods contained in his veto message, these comments represent the straw that breaks the camel's back for me.

While the President rhetorically may see himself as the education President, it is insulting to portray his minimal, education proposals as the answer to the problems of our schools. While he goes about ballyhooing parential choice and programs targeted to students already achieving, he underfunds and gives little support to current, effective programs which target at risk, disadvantaged youngsters. Why, he even opposed our vocational education bill, which just passed the House with only three negative votes.

Let us face it. The President is opposed to a meaningful increase in the minimum wage. It is up to us to take the action necessary to make sure that over 15 million Americans receive a decent day's pay for a decent day's labor. I urge my colleagues to stand up for what is morally, economically, and indeed, politically the right thing to do. Vote to override this mean-spirited veto.

□ 1550

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WELDON].

Mr. WELDON. Mr. Speaker, I rise in opposition to the attempt to override the President's veto of H.R. 2. I do so while in agreement that there must be an increase in the minimum wage.

As an active member and leader in the Republican Labor Council, I have supported and voted for numerous labor-backed bills and initiatives such as Hatch Act reform, the Eastern Airlines dispute, plant closing legislation and the antidouble breasting.

As a Republican, along with several of my colleagues, I urged President Bush to support an increase in the minimum wage, as well as an earned income tax credit. But this debate on the minimum wage has less to do with fair labor, decent wages and inflation than it does with partisan political battles between Members of this body and the resident of the large house 16 blocks from here. It is another example of political symbolism triumphing over substantive action.

Mr. Speaker, the President has supported an increase in the minimum wage. He did so during his campaign for that office and renewed the pledge for this compromise proposal, one that would have increased the wage to $4.25 an hour over 3 years. His proposal is an earnest and acceptable offer. It is a proposal that seeks to insulate small businesses from the impact of a sudden jump in the minimum wage by the initiation of a realistic training wage. It is a proposal that never had a chance.

Mr. Speaker, the debate on this bill has made several things very clear. It is clear that the Democrats do not have enough votes to override the veto. It is also clear that the President does not have enough votes in Congress to pass his own minimum wage law.

Why then are we continuing with this charade? Politics, Mr. Speaker, politics.

If my colleagues think winning a power struggle puts food on the table, then vote to override the President's veto. However, if they want to help the American family, then I urge them to uphold the veto and work for a real solution to the problem of low-income workers.

Mr. Speaker, later today I will join with my distinguished colleague, the gentleman from Pennsylvania [Mr. GOODLING], in introducing the Living Wage Act. In combining President Bush's minimum wage package with the earned income tax credit of the gentleman from Wisconsin [Mr. PETRI] the bill will assist those in real need, the family headed by a minimum wage earner. The Living Wage Act will raise the net income of such families far higher than the $4.55 figure in H.R. 2.

Let us stop treating the debate over the minimum wage as a vehicle for political posturing. It is a game that is of no benefit to the American worker, and we should not be playing it.

□ 1600

Mr. HAWKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. MURPHY].

Mr. MURPHY. Mr. Speaker, I rise to encourage the Members to support our efforts to override the President's veto on the minimum wage law.

Contrary to what the preceding speaker just stated, we are reluctant to take on the President for a veto override. There has been cooperation between the White House and the Congress during the first 5 months of his administration. We wish that he had signed this bill.

Now, the President has drawn a line and stated that we must accept a measure that will provide a 6-month training wage at 80 percent of his proposed maximum minimum wage that would never put the workers over $3.35 until the third year of the bill and then only raise it to $3.40.

What the President is saying with his adamancy is that, "I favor a 5-cent raise in the minimum wage over the course of 3 years," after 9 years of failing to raise the minimum wage.

I ask you, my friends on the other side and my friends on this side, if we are serious about raising the minimum wage, then we cannot accept a 5-cent raise per hour over a 12-year period of time. We must vote to override. That is why we are here today, not because we want to posture politically with the President, but because we want to tell the President, "Unless you come to the negotiating table with us," which he has failed to do, then we must insist that we bring up the veto for an override.

I can only say that if the President is sincere about saying he has compassion for America's neediest people, then he should reach out and be joining us in an effort to compromise this issue, not saying, "I have drawn a line. My feet are in concrete and I will not move. I am for either 5-cents an hour or I am for nothing."

We need to give America's working force some hope, and the only hope we can give them is to override this veto.

Please join us in this effort.

Mr. GOODLING. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I would first like to thank the House leadership for finally sending this bill to the White House, thereby allowing us the opportunity to vote on the President's veto. For whatever reason it was held up, I am not sure, but nevertheless it is the poor, the working poor who suffered while it was being held hostage to whatever.

Second, I would like to remind my colleagues how we got to this point. We never saw the bill that came to the floor, the Ridge-Robinson whatever proposal, until 24 hours before we actually were asked to vote on it. So it was not anything that was worked out together, neither was the conference, as a matter of fact.

I think what we must understand is that the President of the United States came nine fat dimes to meet the majority's proposal, nine fat dimes the President came to meet the majority proposal.

The majority, on the other hand, refused to even come one thin dime to meet the President's proposal.

Now, a questionable dime, in that they said we will deduct a dime, but then we will start it at October 1 each year, rather than January 1, which took away that dime in the first place. So let us not kid ourselves. It was the President who did the compromising. It was the President who did the compromising. It was the President who came the nine fat dimes to meet the majority proposal.

Now let us get on with the business of helping the working poor. I said for a long time that I am not sure what the purpose was for the exercise we just went through. It could not have been to help the working poor. Raising the minimum wage has never done that. We have to get to the point where we get to an EITC where we can help the working poor work, instead of saying that we are going to give something with the only purpose in mind to ratchet up all other salaries of everyone else.

Mr. Speaker, let us get on with what the Secretary of Labor wants to do. She wants to make sure that training and education is such that these people can move ahead, can climb up in the job market so that they are trained and prepared to do that.

Second, let us not keep playing games. Let us help the working poor. The way to do that is to go with the President and also go with an EITC which you will hear more about during the day.

Mr. HAWKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. NAGLE].

Mr. NAGLE. Mr. Speaker, yesterday when I heard the President's message communicating his veto of the minimum wage bill read in this Chamber, I could not help but recall something President Harry Truman had to say when he was fighting the Republican majority in Congress back in his day to increase the minimum wage.

"The Republicans say they are for the minimum wage," Harry Truman said. "And they are. In fact, the more minimer the better."

The President's veto makes it painfully clear, my friends that today we now have a President who says he is "for the minimum wage."

And he is. In fact, the more minimer the better.

The President's veto of this legislation over three thin dimes is a stunning rebuke to the 5.4 million Americans—according to the Department of Labor—who work at the minimum wage. They have not had a pay raise since 1981.

More than a million of those working men and women are heads of households. Not only have they been denied any pay raise at all over the past 8 years, they have been asked to absorb a pay cut of fully one-third in the purchasing power of the minimum wage.

As the President vetoes this increase in the minimum wage over 30 cents—the cost of a phone call—I think there are a few facts the American people need to know.

You know, George Bush has not opposed every pay raise.

When he was Vice President, we did not hear a peep of protest from George Bush over pay raises which increased his own pay as Vice President by $11.49 an hour between 1981 and 1988. And that is assuming a 60-hour workweek as Vice President.

No, George Bush did not oppose that. Apparently that pay raise for himself was one pay raise George Bush could live with.

And earlier this year, remember all the broo-ha-ha over the proposed congressional pay raise? Well, tucked away in that recommendation was another recommendation that the Vice President ought to have another pay raise—this time, a pay raise of another $28.24 an hour.

George Bush did not oppose that. No, when it came to a fat pay raise for DAN QUAYLE who had just taken the job, that was another pay raise George Bush could live with.

That proposal—combined with the earlier raises since 1981—would have increased the hourly pay for the Vice President by a combined total of $40.33—an hour—over the 1981 level.

And George Bush supported them all the way.

George Bush even supported the Federal Pay Commission's proposal to increase his own retirement pay—Presidential retirement pay—by $41.04 an hour over its 1981 level. President Reagan would have received that increase, as well, even as he packed his bag to go to Japan and deliver a few speeches and attend a few cocktail parties for $2 million.

Now, after 8 long years with no pay raise at all, we come to the question of a pay raise for those who earn the minimum wage: the men and women who fry our hamburgers; who clean our hospitals; who bus our tables and pick up our garbage.

And President Bush says "No."

He is for the minimum wage, you know. The more minimer the better.

I am astounded that a President of the United States with that past record of generosity when it comes to himself and his own Vice President, could veto this bill over three thin dimes.

Mr. Speaker, the American people have every right to expect better than this from their President; and if he will not stand with them, the Congress must.

I urge my colleagues to stand with the American people and vote to over ride this veto.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. Mr. Speaker, there is a time for politics and there is a time for policy. Today, hopefully, will be the time that we focus on good public policy, not partisan politics, of the highest order.

I ask each and every one of my colleagues, Democrat and Republican alike, to go along with the President on this because, frankly, this idea before us today is not the best idea in the world. The reality is that 65 percent of the people in the minimum wage today are single, work part time; most of them are teenagers and most of them are going to school. We are not dealing with helping the low-

income heads of households with the minimum wage any more. The way to help the low-income head of a household is with training, education, those types of programs that the Education and Labor Committee is all about.

□ 1610

The reality is that as soon as we conclude this debate, the gentleman from Pennsylvania [Mr. GOODLING] and others will be introducing a piece of legislation that really deals with the issue of helping the low-income family. It deals with helping the low-income family because, on the one hand, for the low-income head of household it gives them real take-home pay, not mandates on a business that results in elimination of jobs, but, rather, an earned-income tax credit. A family of six, four children, mom and dad, low income, low skills, under this legislation has an increase in their deductions that results in a $2.08 increase per hour. Compare that, contrast that, with the $0.50 increase that is in the bill before us.

If we want to really help low-income people, this is the legislation to do that now, if we want to help the young people from that family, if we want to help the young inner-city people, the young kids who are trying to get off the streets get a job, get an opportunity for skilled training rather than becoming a part of a gang and all of the problems that surround that, then we look at this proposal again, because this was the President's program on minimum wage and the training wage to give the young people a real entry into the work force, give them that first opportunity to get some skills.

The reality is that this is the bill that saves 600,000 jobs. This is the bill that helps the low-income families.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Speaker, I rise in support of the veto override.

Mr. Speaker, the opponents of a veto override have continued to portray any increase as inflationary or job busting, indicating a growing economy will fuel wage increases that create a better standard of living for the poor.

They argue that the minimum wage earner does not need a wage increase but a tax credit that will increase their net spendable income. At $8,000 per year, how much spending beyond the bare necessities do Members think the minimum wage earner can do. Mr. Speaker, the question is not to raise or not to raise for fear of job loss. The question is how much can those few businesses who are not fair to their employees bear. Our President said in his veto message that $4.55 was excessive but $4.25 was all right and evidently that will not cost jobs or inflation. He is right. People earning $8,800 per year are no threat to inflation.

The only thing excessive here is the excessive number of working poor who will continue to live in poverty as a result of the President's veto. Equally undefendable is the claim that a new minimum wage will result in the loss of jobs.

In California where the rate is 90 cents higher than the current national minimum wage there has been no mass job loss. Mr. Speaker, H.R. 2 offered a compromise to the President on the minimum wage issue. Instead, the President chose to believe that $4.25 was more than enough for teenagers, seniors, and the working poor.

Mr. President, I do not believe 30 cents more would hurt anyone but it sure would help the working poor. I urge my colleagues to vote to override the President's veto of H.R. 2.

Mr. GOODLING. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Speaker, I urge all my colleagues to vote to sustain the President's veto of H.R. 2. The President made a generous offer for a minimum wage increase. He came 70 percent of the way toward what the proponents of an increase originally sought. Despite his addition of a meaningful training wage to cut down the inevitable job losses, his offer went further than many people thought wise. Nevertheless, that generous offer was spurned, bringing us to today's exercise.

Make no mistake about it. Today's exercise is not about helping the working poor. It's about politics, pure and simple. If we really want to help the working poor, we can do a much better job than either H.R. 2 or the President's offer. The truth, which bears repeating, is that any minimum wage is a crude tool for helping the working poor.

It actually hurts the poor through job losses and inflation. Most of the people it helps are not poor. And it fails to help most of those who are working poor family heads because they are already capable of earning at least $4.55 per hour.

The problem, as I keep saying, is that poverty is not a fixed target. Economic need and poverty lines vary by family size. But wages, including any fixed minimum wage, do not. What poor family heads need is not a minimum wage but a living wage. And the best way to create a living wage is to supplement wages directly, according to need as determined by family size, through reform of the earned income tax credit.

Almost everyone now agrees that is desirable, regardless of what happens on the minimum wage. It is the most direct, most targeted, and most efficient way to help working poor families with children.

In his veto message on H.R. 2, the President said, quote, "If the Congress remains unwilling to support this job-saving approach, I am prepared to examine with the Congress, within the confines of our fiscal limitations, changes in the earned income tax credit, which could better help the heads of low-income households." Some weeks ago our colleague from Illinois, the distinguished chairman of the Ways and Means Committee, wrote in a letter to Newsweek, quote: "From my perspective, the decision to raise the minimum wage rather than the EITC resulted from an unwillingness to raise the revenues needed to pay for it. That may be the cheap way out, but it is not the best way to help those in need."

Mr. Speaker, the President is willing to consider EITC reform. The chairman of the Ways and Means Committee thinks it is a better way to help those in need. Various Members from both parties have advanced related EITC reform bills, including the gentleman from New York [Mr. DOWNEY]. Surely there is room here for a bipartisan compromise, a compromise that avoids excessive economic damage, while helping those in need far more than H.R. 2, which goes to its final resting place today. That is the spirit of the bill our colleague BILL GOODLING is introducing today. It is time to stop the politics and start working to provide some real help to working poor families. We can do much better than H.R. 2.

Mr. HAWKINS. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Speaker, I rise in support of the override and request that my colleagues support the override.

Mr. Speaker, minimum wage workers, no less than anyone else, have certain basic needs that must be met. To the extent that workers, through their wages, are unable to provide for these needs, they must be accounted for in another manner. If one's wages do not provide sufficient income to feed one's family then either that family will be malnourished or someone else must pay the cost of providing the food. If a worker is unable to earn wages sufficient to provide for the education of his or her children then either those children must go uneducated or someone else must assume those costs.

The importance of being able to maintain oneself and one's family through gainful employment cannot be overemphasized, especially for black Americans, for whom the American dream has been an irrelevant myth for too long. One works to provide a livelihood for one's family. Employment that does not convey to workers a degree of independence and self-reliance diminishes the dignity and worth of the individual, increases the divergence between rich and poor, and bears a closer resemblance to servitude than any American can or should be willing to tolerate. The President's veto deserves to be overrid-

den and I urge my colleagues to join me in doing so.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Speaker, and distinguished colleagues, I come before the Members today to talk about an issue that affects America across its width and its breadth, and that is the issue of what we are going to pay people who are willing to go out and work for a living. That is what we are talking about when we are talking about the override issue on the minimum wage today.

We are seeing millions of people across this great country who are being denied the right to have a living, working wage, and that is what we are talking about when we are talking about overriding this bill today.

We are talking about giving people some dignity. We are talking about letting them have a standard of living that is better than they can get if they were on welfare.

I will tell the Members frankly, as my dear friend, the gentleman fom Kentucky [Mr. NATCHER], would say, if we do not override this particular piece of legislation today and this harsh Presidential veto, then what we are doing is taking the heads of the poor working people in this country, putting them down in a pond and letting the air go out of their lungs, because we are not giving them any air to breathe, we are not giving them any room for tomorrow, we are not giving them any hope, we are not giving them any future.

Mr. Speaker, I know what the outcome of this vote is likely to be today, but I want to tell the Members that we are going to be back. We are not going to quit, because the working people of this country deserve better than what they are getting out of this legislative process. We shall not quit until we get a decent standard of living for them.

□ 1620

Mr. GOODLING. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Speaker, I rise to ask the House to vote to sustain the veto today because it is morally right, and because it is economically right, because by sustaining the veto we would save jobs, not just a few jobs, but hundreds of thousands of jobs for people who need them the most. They are entry-level jobs for young people finding that first job, or displaced homemakers who are trying to reenter the work force, or recovering alcoholics and drug addicts who are trying to get their lives back in order and get that job. If we pass the minimum wage in the form before the House today, we will deny those individuals those jobs.

The gentleman from Pennsylvania [Mr. GOODLING] will be introducing a minimum wage bill later today that is a better idea. It is an idea that will save jobs, that will provide people with the opportunity to increase their standard of living while increasing their take-home pay by providing for a training wage that works, and an expansion of the earned income tax credit.

If what we want to do, which is what we ought to want to do, is to assist low-income families who are heads of households trying to support their children, then what we ought to be debating is how to increase the earned income tax credit so that young working mothers with two children can have their take-home pay increased, increased so that they can keep their jobs and support their children.

I would ask my colleague to listen to their constituents. Constituents all over the country, individually and collectively through their newspaper editorials and opinion leaders are saying do not increase the minimum wage in a way that costs jobs.

I have listened to the speaker here today and noted those who are in favor of the mimimum wage bill, and noted from their own States editorials which have come from those States. We had a speaker from California. The Oakland Tribune says:

> But suppressing the message doesn't change the truth: higher minimum wages cost jobs for people who need them most, especially teenagers * * *.
>
> Petri's tax credit costs less and tastes far better than the minimum wage alternative. Legislators with a serious interest in helping the working poor would do well to put it on their menu.

We heard from the gentleman from Pennsylvania. From the Lancaster Pennsylvania New Era:

> Don't hike minimum wage.
>
> Raising the minimum wage to just $4.65 an hour would lead to a loss of 880,000 jobs * * *.

We heard from the gentleman from Missouri. From the St. Joseph, MO, Gazette:

> It's almost certain that many of the unskilled, minorities, inexperienced youths and others who need the kinds of jobs that pay a minimum wage will be priced out of the market by the pay increase.

Or from the Cedar Rapids, IA, Gazette, for the gentleman from Iowa, "It's an outlandish idea," says the Gazette.

> How outlandish is shown * * *.
>
> The social engineers just don't seem to get it. As if you could prevent poverty simply by jacking up the minimum wage.

Or from the New York Times, at the conclusion of their editorial:

> For those who really care about the working poor, the issue is not the minimum wage but minimizing poverty. The tax credit is the right way.

Or for the gentleman from Kentucky, this headline: "Study: State Would Lose 14,000 Jobs to Higher Minimum Wage."

Do not vote politics today. Vote jobs. Vote to sustain the minimum wage veto.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Speaker, first of all I thank the gentleman from California [Mr. HAWKINS], chairman of the committee, for yielding me some time on this most important issue.

It is really amazing, my colleagues, that under the Bush proposal to increase the minimum wage we are not going to lose any jobs, but once the Democrats introduce a proposal, now we are going to lose 400,000-plus jobs, and I think that is just amazing. It is really interesting that when the President introduced his bill to increase the minimum wage, basically there were some long faces on the Republican side of the aisle because their supporters do not want this increase at all. In fact, when the minimum wage was first raised some 50 years ago when we started out with a 50-cent-per-hour minimum wage, they were probably the same people who were opposing it then, people with the same type of political philosophy.

The gentleman from Texas indicates that we should at least listen to people on this issue. In poll after poll and survey after survey, we are looking at 80 percent to 84 percent of the American public supporting an increase in the minimum wage, and are they supporting the $4.25? No. If Members read the USA Today editorial, the average person interviewed there supported a wage of about $5 per hour.

The Democrat proposal before my colleagues today falls short of that. Clearly the President's proposal is way, way short of that.

As we go on into this session and debate some of the major issues affecting the country, I am first of all saddened today that we are not going to override the veto, which I think is clear to some Members; however, we are not going to give up, we are going to see the bill again and again this session until we do get the Presidential signature.

But we are also going to see another bill debated on the floor, and that is an issue regarding our Tax Code that deals with the capital gains tax. It seems that even though the average capital gains to be paid in this country is at a rate of about 28 percent, that is not good enough for some. We have to lower that to the rate paid by the low-income earners of this country. These wages, capital gains wages are wages earned from investments, more or less by the wealthiest of this country, but they cannot pay a 28-percent on average rate. We are going to see these same Members arguing against a

decent increase in the minimum wage come to the floor and argue that we must for the wealthy of this country reduce the income tax for capital gains down to 15 percent. That is absurd.

Mr. Speaker, today we will hear a lot of rhetoric about the minimum wage. Everyone will say that they want to help working Americans. But strangely enough many Members will not vote to override the veto to raising the minimum wage. What's going on here? Although many individuals and groups pay lipservice to helping the working poor, their real interests lie elsewhere.

Let's take a look at a key group opposing H.R. 2. They call themselves the minimum wage coalition to save jobs. A noble sounding name. But is this group primarily interested in protecting the jobs of low-wage workers?

No. This coalition is made up of groups like the National Association of Chain Drug Stores, the National Grocers Association, and the United Fruit and Vegetable Growers Association. And of course a leading member of this coalition is the U.S. Chamber of Commerce, a group not known for its aggressive support for American workers.

Of course groups can call themselves whatever they want and we Members can use whatever rhetoric we wish. But let's not fool ourselves. What counts is how we vote.

A vote against raising the minimum wage is a vote that will hurt millions of the working poor. A vote against the bill will mean retaining a low standard of living for workers. It will mean an increase in the number of working Americans who are homeless. However, a vote to override the veto is a vote for working Americans on the low scale.

I urge my colleagues to support working Americans and to vote to override the President's veto.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. HENRY].

Mr. HENRY. Mr. Speaker, there has been a lot of talk about ethics in this institution lately. Most of the talk deals with questions of personal matters—betrayals of personal trust, putting ourselves in conflict-of-interest situations, or formally violating the rules of the House.

But perhaps an even more important issue is the ethics of public policy—having the courage to take a stand on matters of principle—refusing to propagandize the American public with cliches—playing the populist rather than the true legislator. One Member of this body was quoted in a national magazine a few weeks ago, saying: "Members check their spines at the door when they come to vote."

For far too long, the minimum wage issue has been surrounded by cheap rhetoric which frustrates, rather than facilitates, addressing the problems of our working poor. And I suggest that it is good example of an ethics issue. Do we play to the crowd, or do we develop innovative public policy which truly addresses the problems of this population?

We have more people working in America than at any other time in our Nation's history. We enjoy the longest and greatest economic expansion in the history of the Nation. The purpose of minimum wage legislation is to protect workers from falling wages—not to drive them up by legislative fiat. And our present economy is such that the smallest proportion of the American work force in history is presently at the minimum wage.

Less than four-tenths of 1 percent of the American work force consists of heads-of-households working full time at the minimum wage who are the sole source of income for family units. Why not target those households with earned income tax credits if our purpose is truly to assist the working poor? The reason, of course, is an ethical lapse by the majority—an ethical lapse which deliberately misstates the true intent of this legislation. And if truth-telling is an ethical standard, then those who speak otherwise had better examine themselves.

Our urban areas face unemployment rates of upwards to 40 percent—even 50 percent—among minority youth. The Conference of Black Mayors has called for innovative solutions to this problem such as establishing training wages to help these young people enter the work force, rather than merely further pricing them out of the job market. If truthfulness is an issue in this debate, we will all acknowledge that increasing the costs of employing marginally employable individuals is counterproductive public policy.

Yes, Mr. Speaker, we have an ethics crisis in the House. A crisis of truthfulness. A crisis of substituting rhetorical prevarications for sound public policy. And shortly we'll see which Members "check their spines" when they enter the doors to this Chamber.

Mr. HAWKINS. Mr. Speaker, may I inquire as to the time remaining on both sides?

The SPEAKER. The gentleman from California [Mr. HAWKINS] has 9 minutes remaining and the gentleman from Pennsylvania [Mr. GOODLING] has 14 minutes remaining.

Mr. HAWKINS. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. GARCIA].

Mr. GARCIA. Mr. Speaker, I have heard a great deal of talk here today about the minimum wage, but I would suggest to my colleagues that any Member opposing the raise in the minimum wage should first try to live on it.

I would also like to say that I believe these facts truly speak for themselves. A person who works full time today, 40 hours per week at $3.35 an hour makes $6,970 a year, which is about $4,630 below the poverty level for a family of four.

Mr. Speaker, the sad fact is that in communities such as mine, the minimum wage is the maximum wage. If I thought for 1 second my colleagues on the other side of the aisle were right in opposing this and that we would be losing jobs, I am not here to lose jobs, I am here to gain jobs.

I would ask my colleagues in this particular instance to override the veto. It is extremely important because the mimimum wage is the maximum wage.

□ 1630

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the distinguished minority leader, the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Speaker, in one sense it is gratifying that we have the President's veto message on the floor. If he had waited as long to veto the bill as the Congress waited to send it to him—just to take advantage of the political climate—we'd be doing this in August.

It is another example of the lack of respect for process we have in this institution.

I am not going to surprise anyone by declaring myself in support of the veto, I, of course, will vote to sustain.

In years past, I suspect I would not have been so comfortable in this position. In years past, I suspect another President would have said no to any increase in the minimum, with good solid economic arguments to back him up.

Inevitably, that would leave us with an argument between the still, small voice of economic reality and the loud, shrill voice of populist appeals.

Guess which voice was heard—and heeded—in the House?

But President Bush did not reject a raise in the minimum. Nor did he sidestep the issue. He took a position—a very credible and honest position—and he stuck to it, while the Congress played politics.

The President's position on increasing the minimum wage to $4.25 per hour over 3 years with a permanent training wage made good sense, it made good policy, but it apparently didn't make good enough political sense to satisfy the climate around here.

The President's plan is good. It is responsible. It is humane, not only because it provides an increase, but because it rejects the kind of excessive increase which will take job opportunities away from those who need them the most.

Our economic formula has worked wonders now for 6 straight years. The number of workers earning the minimum has been cut practically in half. We have created 20 million new jobs.

This is not the time to bid up benefits for no other reason than to prove one faction is kinder and gentler than the other. I would urge members to

support the President and sustain his veto.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. FORD], a member of the committee.

Mr. FORD of Michigan. Mr. Speaker, as Yogi Berra used to say, it looks like deja vu all over again.

In my 25 years in the House I have heard all the arguments that we are hearing today each time that the Fair Labor Standards Act has been on the floor for revision. But it goes back even further than that.

I came to this Chamber for the first time in my life as the president of my eighth-grade class in 1940. We were right in that corner of the gallery up there with the class, and when the guards left with the class I stayed.

I broke the rules and stayed behind because the debate that was on the floor in 1940 was an attempt, the first attempt, to raise the 5-cents minimum wage 2 years after it was passed in 1938.

I want to invite anybody to look at the record of that debate in 1940 and then look at the record of today's debate and see if you can see here one original thought coming from our friends on the Republican side.

When they get in an uncomfortable position, it is now the custom, as the minority leader just demonstrated, to begin screaming about the process, "Let's don't talk about the merits of the issue, let's talk about that process."

Now what my Republican friends are uncomfortable with is that through the entire history from the first minimum wage bill through every adjustment a majority of the Members of the party on that side, the Republicans, have voted against the minimum wage in the first instance and against any increase; and a majority of Members on this side, the Democratic Party, have voted for it.

It is the most clearly identifiable issue upon which a majority of the two parties have disagreed over and over, over the years. It does not matter who the President is, it does not matter which party he is from; you look at the rollcall votes for every time that this legislation has been on the floor, from the very first time in 1938, and you will see a very clear pattern.

If I were sitting in a party with that kind of a sorry record when it comes to paying for a simple minimum to the people at the bottom on the economic ladder, I would be worrying about something other than the issues too.

I guess the new refuge of scoundrels is procedure.

Mr. Speaker, I was shocked by President Bush's veto of the minimum wage bill. I believed that the President cared about the working poor. I believed his pledge to work for a kinder and gentler America. I believed that he would respond to our compromise in a similar spirit of compromise.

But I was wrong.

Mr. Bush's veto was not the act of a President who cares, of a President who represents all of the people. It was the callous act of a millionaire who is completely out of touch with the working people of America, and especially the working poor.

The bill the President vetoed was nothing radical. It was not inflationary. Frankly, it was a compromise so watered-down that it would still have left the working poor in a losing struggle to make ends meet.

But the President says it goes too far. An additional 30 cent raise 2 years from now that would leave a minimum wage earner 25 percent below the poverty line is too much for the President. For 30 cents he would condemn them to grinding poverty and despair.

Minimum wage workers have not had a raise in almost 9 years. They pay 1989 prices with 1981 wages, which were barely enough 9 years ago. They raise their families on a total income of $6,900 a year. President Bush makes 30 times that much on his salary alone. Is it any wonder he doesn't understand their needs?

President Bush condemns the minimum wage bill because it does not allow employers to pay a subminimum wage to all new hires for 6 months—regardless of their age, skill, or experience. He claims that thousands of jobs will be lost if we don't enact such a subpoverty subminimum. The President has gotten unbelievably bad advice.

We have had a minimum wage for more than 50 years without a subminimum like this. And yet our economy has created more jobs than any other in the world. Why now, after 50 years, do we need a special subpoverty wage? The answer is simple: We don't need it.

President Bush says raising the minimum wage to $4.55 over 3 years would be inflationary. What an insult to the American people. A raise to $4.55 today would still leave minimum wage earners behind the last 8½ years' inflation.

My voters have heard that kind of baloney before, and they don't buy it. When the Republicans tried to eliminate Social Security cost-of-living increases because they were inflationary, my voters and people like them around the Nation rose up in protest. I predict they will rise up again against this outrageous veto.

I surveyed the people I represent recently, and 80 percent of them support a $4.65 an hour minimum wage. Many of those who oppose that level do so because it is too low. National polls show the same thing: The people of our Nation believe in the dignity and value of work. They know that no one's work is worth less than $4.55 an hour and that no one can support a family on less than that.

They want the minimum wage to be a decent wage, a living wage.

Finally, Mr. Speaker, let me respond to the fiction that a $4.55 minimum wage will burden small business. It simply isn't true. Mom and Pop stores aren't covered by the bill. If you aren't in business in interstate commerce or don't have sales in excess of $500,000 a year, the Federal law simply doesn't apply.

We should override this veto.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. TAUKE].

Mr. TAUKE. Mr. Speaker and Members of the House, during most of the time that I have served in Congress I have had the privilege of serving on the Committee on Education and Labor. This issue keeps coming up and vexing the members of our committee.

Why is it? Because this issue presents us with the Hobson's choice.

We know, for example, under the proposal that is before us today we have the option of raising the minimum wage in order to help individuals theoretically. But at the same time we know that puts 600,000 out of work. On the other hand, if we keep those 600,000 working then we do not raise the wages, the take-home pay for those who need assistance.

I believe as a result we need some thinking, some new thinking, and I believe that the veto the President has sent this way gives us an opportunity for some new thought.

I wish the gentleman from Michigan [Mr. FORD] who was just here would listen to what we have to say because he suggested we did not have new thoughts today. I think many of us are trying to offer some new thoughts to prevent us from again having to go through this battle which does not really offer any really good choices for anybody.

We are attempting to come up with a measure that does offer a better choice.

Under the leadership of my friend, the gentleman from Pennsylvania [Mr. GOODLING], many of us today are offering legislation which provides a living wage for the working people of our country. Instead of having to choose between higher wages, higher take-home pay and lost jobs, instead we say, "Let us keep the jobs but increase the take-home pay by using the earned income tax credit as a device." This means over $1 an hour in take-home pay of an individual who has two children and up to $2 an hour more for an individual with four children.

That is real money in their pockets without risking their jobs.

When we risk those 600,000 jobs, understand it is the most fragile of our workers who are pushed out of the job market. Those are the ones we should be trying to help. The living wage does that.

Mr. HAWKINS. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding time to me.

I rise in support of the veto override.

Mr. Speaker, for small change, the President is shortchanging the American worker.

President Bush has chosen to veto the minimum wage over 30 cents—roughly the cost of a phone call.

A worker who earns a salary at the minimum wage will make roughly $7,000, 30 percent below the recognized poverty level for a family of three. Two-thirds of all hourly workers paid the minimum or slightly higher are women. Today, women head more than 10 million American families. We must recognize the significance of this situation. Working women must be given legitimate opportunities to fully support their families.

The U.S. Conference of Mayors estimated that last year 22 percent of homeless people in the United States held jobs. In some cities more than half of the homeless population hold paying jobs. The largest increase in homelessness has been among the working poor. These are people who are striving to earn a living which would enable them to house themselves.

It has been 8 long years since the minimum wage was last increased, since that time the actual purchasing power of the wage has fallen over 27 percent. How can we ignore the needs of the working poor in this country?

I urge my colleagues to support the motion to override the President's veto of this important legislation. We cannot allow the President to play political games with the welfare of the American worker.

Mr. HAWKINS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. APPLEGATE].

Mr. APPLEGATE. Mr. Speaker, today I am extremely disappointed that President Bush has yielded to the business community to the extent that he had, forgetting the millions and millions of people in this country who are living on low incomes.

Thirty cents an hour, 10 cents an hour for 3 years, how can anybody be so callous as to vote against that meager income?

My friends, there are 38 million Americans in this country who do not have any health insurance whatsoever. We are not talking about people who are not working, that are down at the bottom; they have Medicaid; we are not talking about senior citizens; they have Medicare; we are not talking about the great corporate executives; also high-income earners.

They all have the buck and they can buy their health insurance.

We are talking about 25 million Americans who are working in low-income jobs that cannot afford health insurance. We are talking about 13 million children, children, mind you, who do not have health insurance.

□ 1640

I have heard it said that it is going to raise inflation. That is ridiculous. There has not been an increase in the minimum wage since 1981, and the inflation has increased since that time over 30 percent. So the minimum wage today, based on the 1981 dollar, is only worth about $2.50.

I heard it would increase crime. Crime, let me say something about that. Today, when a child comes home, who does he come home to? There are two parents working in a family, with one job each or maybe two jobs. They do not get home to see their kids. They leave them to someone or they go home by themselves, and sit in front of a television and watch all the sex and crime and shooting that is going on. They go to the streets. There is plenty of crime out there. There are drugs on the streets. Members will tell me that this is going to increase crime. I think it is a disgrace. These people have very little to look forward to. I say that those Members who vote against this can go home to their $150,000 or $200,000 or $300,000 homes and enjoy the finer things in life, but think of the downtrodden. Let Members give them a break, and let Members give them a raise.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. MCEWEN].

Mr. MCEWEN. I think it is vitally important we give the poor and the minority and unskilled a break. As you know, during the end of the last decade we were losing jobs at the rate of 50,000 a week. People who wanted to hire folks had to build plants in Mexico and Brazil, but in the last months we have created 300,000 jobs a month for all this time, and now we want to say we want to put a stop to that.

This bill does not increase the pay for anyone. This bill says if a person is unskilled, or a minority, or poor, and they want to look for a job, and the company does not have the wherewithal, they only have three or four employees and want to hire a person, the Federal Government comes in and says they cannot hire that person. That is a mean and vicious thing to do.

In my district, two miles from my home, they have a factory where these mentally handicapped people fix the pumps used by Procter & Gamble. They used to do that in Mexico, because they could not afford to do it in the United States in the 1970's, but because we were able to encourage them to hire these handicapped, unskilled workers, now they have a factory, and they have employment. Under this bill, they would close that factory tomorrow.

That is far too mean and vicious a thing for this country to be doing. I urge the support of the President's veto.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I thank the gentleman for yielding time to me.

I do not know if I can add anything to the arguments here. I am not sure that many Members are listening. As I understand the argument from the opposition, they are talking about trying to help the poor who support families, as though the minimum wage increase is an antipoverty weapon in that regard. That I would say is the No. 1 fiction that I would like to just briefly talk about.

There are about 3 million, I think, people on minimum wage now. As of this year, most are young, part time, not poor; 93, 94 percent have no families that they are supporting whatsoever. In fact, in going to the restaurant industry, 1 million of the 3 million are in the restaurant industry. A great proportion of them are operating on tips. I have a friend in Washington, DC, I mentioned this before, who makes $25,000 per year as a waiter, for instance. Not all, of course, are making that kind of money, but the point is that throughout this country we are really supporting a fiction when we say there are 3 million people on minimum wage. We go into the commissions, for instance, earned by people in sales, and there, again, they are listed as part of the minimum wage group, but they are not making minimum wage.

However, there is a nonfiction that is very, very true. It has been mentioned here. I will mention it again. All economists agree, and there are hardly any two economists that agree on much of anything else, they all agree that there are going to be two effects, for sure; one, there is going to be lost jobs, and by the way, the CBO, Mr. Greenspan from the Federal Reserve, DOL, editors of our major newspapers agree with this, there will be lost jobs, anywhere from 125,000 to 600,000. Who is the first to go? Of course, the most disadvantaged, the handicapped, the people who are on the bottom rung of the totem pole which was referred to. The other guarantee, nonfiction that Members can count on, is the fact that we are going to have more inflation. Collective bargaining agreements are tied either literally or in effect to what the minimum wage is. I think we should look to what the gentleman from Wisconsin [Mr. PETRI] is talking about, we should target the kind of aid we will give to the people who are working and supporting families. We do that, we are accomplishing something, we are doing something new for a change.

The SPEAKER pro tempore. (Mr. PERKINS). The Chair will announce that the gentleman from California [Mr. HAWKINS] has 4 minutes remaining, as well as the right to close debate, and the gentleman from Pennsylvania [Mr. GOODLING] has 7 minutes remaining.

Mr. HAWKINS. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. Mr. Speaker, I rise in support of overriding the veto. I congratulate the committee.

Mr. Speaker, I rise in support of this proposed minimum wage. In opposition by others, it has been urged that there are better ways to help the poor. I see that as a tactic to defeat this meritorious legislation. If there are other things that can be done to help those of low income those things should also be done, and not used as an excuse not to pass this legislation. I believe we should override the veto and then do whatever else also needs to be done. This is a modest proposal and we ought to pass it.

Mr. HAWKINS. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Speaker, I thank the chairman for yielding time to me. My friend, the gentleman from Michigan [Mr. FORD], who has been here much longer than I, perhaps said it better. The arguments have not changed. In 1938 when we adopted the minimum wage, 60 percent of the President's party opposed that. Although I have not read the RECORD, I am sure that all the arguments that are now being used were used then. Eighty-six percent of my party support the minimum wage. Of course, if we depress wages, perhaps we could be more competitive with the Mexicans, on the backs of workers in this country. However, I do not think that is what this country believes in, and in fact, the overwhelming majority of Americans believe that 8 years is enough to not raise the pay of those at the very lowest rung on the economic ladder who are doing exactly what we want them to do, and that is work. We ought to ensure, as we did in 1988, that when they do so, they receive a minimum level, a fair but certainly not generous wage. Let Members override the President's veto.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont [Mr. SMITH].

Mr. SMITH of Vermont. Mr. Speaker, I rise to address myself to the value of the so-called living wage concept that we have been presenting. I would say with due respect to the gentleman from Florida who just addressed this Chamber, that the arguments have changed. They have changed powerfully, in favor of a new idea. It is an idea that was put forward by our side of the aisle, and now is taking hold with other people on the other side of the aisle.

The real question before this body and before this Chamber today is whether we will wipe the film from our eyes and whether we will show courage and the confidence, straightout guts, to look at some new ideas and say to people in ways that have not been said before, "You do not have to stay on welfare, we will not stack the deck against you. We will encourage you to be productive and we will be with you as you walk those steps from dependency to independence. We will be with you every step of the way in the best tradition of this country."

I had someone say to me the other day when I was back in Vermont and we were talking about the question of how this country, the national policy, supports people at the low wage end of the scale, and there was no disagreement that we had to do things differently. We had to do things better. We had to do more. What this man said to me was, "Is this the best we can do?" I said, "No, it is not the best we can do. What we have to understand is that one size fits all is no longer a policy that will work in a country whose very strength is its diversity." Nor can we allow diversity and discussion in the name of diversity allow Members to back away from the commitments to the poor, the commitments to the working poor, the commitments to those families that this society rightfully and must retain. I would say the living wage concept put forward by the gentleman from Wisconsin [Mr. PETRI] and others, as we will put forward later on with the leadership of the gentleman from Pennsylvania [Mr. GOODLING], has changed playing fields, has changed the arguments, and changed them in favor, powerfully, of the working poor of this country.

□ 1650

Mr. GOODLING. Mr. Speaker, I yield our remaining time to the gentleman from Iowa [Mr. GRANDY].

The SPEAKER pro tempore (Mr. PERKINS). The gentleman from Iowa [Mr. GRANDY] is recognized for 5 minutes.

Mr. GRANDY. Mr. Speaker, I thank the gentleman for yielding this time to me, and let me say that I hope that at least for our side I am not closing the debate today as much as opening negotiations, because by sustaining the President's veto today we can either begin a comprehensive battle plan against a war on poverty or we can slug it out in a series of little individual skirmishes about 6-month training wages versus 2-month training wages, 30-cents increases, and relative job losses.

We can read the President's veto a couple of ways, Mr. Speaker, we can say, as some maintain, that this is a defiant manifesto against the working men and women of America, a flat refusal to raise their wages, or we can say that it is a modest approach, a proposal to enhance their income while protecting their jobs. What we are trying to do is to ensure that the underprivileged do not become the underskilled and an automatic underclass in this society. That is the interpretation I like. I perfer the latter view, Mr. Speaker.

But a month ago, Congress rejected the President's offer, and a day ago he rejected our offer to him. So we are even. Today we can break the tie. We can sustain the President's veto, and the minimum wage will still be $3.35.

So the question that I have to ask my colleagues on both sides of the aisle is this: What are we going to do tomorrow? What is the next step? Again, if we read the President's veto message and get beyond the veto statement, there is more reconciliation in his remarks than there is repudiation. He asks us to move forward with a new strategy which combines wage increases for the poor with new initiatives for job training, for education, and for child care credits.

He says this on page 3 after he talks about the veto:

If the Congress remains unwilling to support this job-saving approach, I am prepared to examine with the Congress, within the confines of our fiscal limitations, changes in the Earned Income Tax Credit, which could better help the heads of low-income households.

Does this sound like somebody who does not want to negotiate, somebody who is more concerned with raising his own pay than the wages of working men and women?

I hope that after we sustain the President's veto, Mr. Speaker, we can work together on a living wage. The gentleman from Pennsylvania [Mr. GOODLING] and the gentleman from Wisconsin [Mr. PETRI] have forged a new approach, combining what works in the President's proposal with what works in the earned income tax credit, and it contains a compromise. We offer a 4-month training wage, going half the distance from what the Democrats have offered and half the distance from what the President has offered. This proposal effectively raises the minimum wage to $6, higher than any bid on the table, by extending the maximum credit of $3,850 to the working poor family with four preschool children.

And it does more. It says to college students who depend on minimum wage jobs that they will have a chance to continue employment under the Living Wage Act because employers will be able to continue the part-time arrangements with the training wage. And the training wage, under the Living Wage Act, offers an opportunity for welfare recipients to get that first job, giving them the skills they need to get off welfare and earn valuable work skills.

Mr. Speaker, like any good compromise, this proposal has something to offend everyone. Conservatives will not like it because they will say it is too much. They will say we are offering a minimum wage increase and an earned income tax proposal, and that that is too much. And liberals will not like it because we still have a 4-month

training wage. And I am not sure the administration is going to be crazy about it because it is going to cost some money, and we are indexing it to inflation.

But surely, Mr. Speaker, after we get through the political business of today and we talk about what we are going to with the policy of tomorrow, there is something in these proposals that Republicans and Democrats can come together on. Surely there is something in here that the American working man and woman can live with, and that is supposedly what we are concerned about with this legislation.

So, Mr. Speaker, I ask my colleagues today to sustain the minimum wage, to sustain the President's veto, and get beyond the old minimum wage of yesterday and embrace the new living wage of tomorrow. That is the new policy. That is how this differs from every argument since 1938.

Mr. Speaker, I hope that the Members are listening because I know their constituents are.

The SPEAKER pro tempore. The time of the gentleman from Iowa [Mr. GRANDY] has expired.

Mr. HAWKINS. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Speaker, I rise in strong support of the motion to override the President's veto of H.R. 2, the Fair Labor Standards Amendments Act.

There is a saying that "justice delayed is justice denied." How true that is. It has been 8 long years since the last increase in the minimum wage was put into effect. Since that time the cost of living has risen more than 30 percent. As a consequence, in today's dollars, the current minimum wage is worth only $2.56. This is the lowest level relative to other wages in the private economy since 1949.

The case for increasing the minimum wage is urgent and compelling. Opponents of this legislation would have us believe that the minimum wage should not be raised because most people who earn it are teenagers. However, the facts are that only about one-fourth of minimum wage workers are teenagers. Two-thirds of them are women, nearly 7 million are full-time workers and nearly 4 million are heads of households.

Plant layoffs and closings have driven millions of Americans throughout this country into low-paying service jobs. The depressed minimum wage drags down the income of these workers and their families, as well as the wages of all other workers.

It has been implied here that the National Conference of Black Mayors opposes increasing the minimum wage.

This is not true.

At their June 1988 convention, the National Conference of Black Mayors actually endorsed increasing the minimum wage to a higher level than this bill contains.

Increasing the minimum wage to a liveable wage is one of the most important legislative issues facing this country. The fundamental premise of raising the minimum wage is that it should be a living wage. No one who works for a living should be condemned to a life in poverty.

Today, over 6.5 million workers earn the minimum wage or less. Another 5 million workers, whose wages move in-step with the minimum wage earn no more than $0.50 above the minimum wage rates. This means that about 11.5 million workers or 10.5 percent of the labor force.

A decent minimun wage would go a long way in helping the 7 million full-time minimum wage workers, including the more than 2 million families in poverty families to climb out of poverty.

Mr. Speaker, minimum wage workers represent a broad spectrum of American society and include many Americans who are supporting families and trying to achieve economic self-sufficiency. Adults account for 70 percent of the 6.5 million minimum wage workers with heads of households or married women who work out of economic necessity accounts for over 45 percent of the minimum wage workers. One in four minimum wage workers lives in poverty compared to just 8 percent of all workers.

More importantly, simple justice and equity require us to raise the minimum wage to a fair level. H.R. 2 is a carefully drafted bill, guided by the principals of fairness, simple justice, and equity. Today, let us begin to raise millions of Americans out of poverty into economic opportunity and dignity. Basic human rights and economic survival are at stake. Economic justice must no longer be delayed or denied.

NATIONAL CONFERENCE OF BLACK MAYORS, INC.

RESOLUTION 18—INCREASE IN MINIMUM WAGE

Whereas, according to the Bureau of Labor Statistics, 6.7 percent of the United States work force or an estimated 7.4 million people were paid at or below minimum wage in 1986; and

Whereas, the federal government estimates that from nine to fifteen percent of all minimum wage earners are heads of households; and

Whereas, the 1986 povery threshold for a family of three was $8,741 annually while a year's income on minimum wage is only $6,968; and

Whereas, inflation has eroded the buying power of the $3.35-an-hour wage by 28 percent since 1981; and

Whereas, ten states already have passed legislation to raise their minimum wage; and

Whereas, the current minimum wage presents little incentive as an alternative to welfare and public aid; and

Whereas, Congress is considering an increase in the minimum wage to either $4.65 an hour (S. 837) or to $5.05 an hour (H.R. 1834) over the next four years.

Now, therefore be it resolved, that the National Conference of Black Mayors, Inc. supports an increase in the minimum wage to at least $4.65 an hour by 1992.

Mr. HAWKINS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Mr. Speaker, I rise in support of the override of the Presidential veto.

Mr. HAWKINS. Mr. Speaker, I yield our remaining time to the gentleman from Montana [Mr. WILLIAMS], a member of the committee.

The SPEAKER pro tempore. The gentleman from Montana [Mr. WILLIAMS] is recognized for 3 minutes to close debate.

Mr. WILLIAMS. Mr. Speaker, let me say to my colleagues that like many of us, I read the President's veto message. I read it three times. One thing stood out each time I read it, and that was that the President in that message said that the increase asked for in this bill is excessive. He said that the three dimes, the 30 cents, is excessive.

He said that while he was flying at 30,000 feet in Air Force One above America's low-income workers. He said it is excessive. He did not say that to us in the Congress; he said it to the 15 million working Americans who earn less than this bill would give them. He says it is excessive to give them what this bill provides, a measly $4.55 an hour, three dimes more than he wants. He says that from Air Force One.

There are 5 million Americans who now work at the minimum wage. To give them the modest increase envisioned in this bill, this kind and gentle President, riding 30,000 feet above the working crowds of America, he says, is excessive.

This summer there will be 1,500,000 teenagers working at the minimum wage. Now, their employers tell them that that is all they are worth, and maybe their employers are correct. But I know some of these teenagers, as we all do. They turn the key in the lock on the door in the morning and open up the place. Some of them keep the books for the little store. They let them lock up at night. Some of them are there alone, and we have found that they have been endangered in these thrifty supermarket stores.

The President says that to give them what is provided in this bill would be excessive. I guess America's teenagers are not worth it, in the mind of this fellow who is flying 30,000 feet above the crowd in Air Force One and writing that such a rate would be excessive.

There are 650,000 people right now who are heads of households working at the minimum wage. Let us look at it this way. A head of a household with a family at home to support, a family of three, working every day, never missing a shift, never taking a day off, at the end of the year makes a third less than what they need to get out of poverty.

Is that excessive? Well, maybe for someone who made millions in the oil business and now flies in Air Force One, it is excessive, but to the vast bulk of Americans, a decent wage for a good day's work is not excessive.

Mr. Speaker, I urge the Members of this House on both sides to reject this mean and angry talk about how

paying America's workers an extra 30 cents would be excessive. I urge the Members to vote to override the President's veto.

Mr. FAZIO. Mr. Speaker, I rise today in strong support of the veto override of the minimum wage bill. This legislation demands our support to ensure economic equity for low-wage workers.

The 1938 Fair Labor Standards Act established the minimum wage as a commitment to the American belief that hard work deserves adequate compensation. It was intended to ensure that every worker would be paid enough to achieve a decent standard of living.

Unfortunately, we have failed to live up to that commitment. The last time Congress approved an increase in the minimum wage was in 1977 with the final step increase going into effect in 1981. Today the minimum wage remains at the 1981 level of $3.35 per hour. Yet since that time, the purchasing power of the minimum wage has decreased by more than 30 percent. In 1981 dollars, its purchasing power is worth only $2.46. Had it kept pace with inflation, the minimum wage would now stand at $4.57 per hour.

Further, during the 1960's and 1970's, a person who worked full-time at a minimum wage job could earn slightly more than the amount required to keep a family of three out of poverty. Today, however, the same worker makes only $6,968 per year which is significantly below the 1988 poverty line of $10,060 per year for a family of three.

We must maintain our commitment to economic justice for America's workers by supporting the veto override. We must send a strong signal to the administration and the American public that we value these workers and their role in American society. I urge my colleagues to support the veto override.

Mr. HOUGHTON. Mr. Speaker, in the great debate over the minimum wage currently consuming this city, one fact is quite well camouflaged. Raising the minimum wage does not help the working poor the way we think it will.

Minimum wage earners make up less than 4 percent of our national workforce. Many are young, they are single, or come from double income households. Of the 20 million Americans of working age who live in poverty, only about 335,000 households earn the minimum wage. So by beating the drums and concentrating our efforts on two words—minimum wage—we avoid the real problem. We leave the bulk of deprived Americans still looking for help.

What I'd like to do is to try to untangle ourselves from the presently tightly focused minimum wage picture and look at another approach—one championed by my colleague and friend TOM PETRI, of Wisconsin. This approach is called EITC—or—the Earned Income Tax Credit. What this would do is allow disadvantaged families earning approximately the minimum wage level to receive a tax credit. What do I mean by this? With someone earning up to $8,000 annually, he or she would be eligible for a base tax credit of $1,050. In addition, they would be allowed a credit of $700 per preschool child and $350 per school-age child for as many as four children, to make child care just a little bit easier.

There are many approaches to this problem of poverty—and help for those who need help. Personally, I think going the EITC route is a fair way to look at the condition we somehow seem to avoid in all our talk on minimum wage. Should the minimum wage be raised—yes, but not to the point of jeopardizing the job producers. If we are serious about helping the working poor there is another way. This is what Congress must concentrate on, this is what the Petri approach does.

By concentrating solely on the pure minimum wage approach—even the highest estimates—we ignore the fact that it is still far out of line with welfare payments. What EITC does is push aid to the less fortunate in a way that frankly provides support for those who choose to work rather than those who don't. The line between welfare and work is often harsh, particularly for those who suddenly find themselves only a few dollars over the assistance level. What happens? Once over that income limit, they lose many valuable benefits. For most, it is too high a price to pay. This is where the EITC comes in. EITC will provide those who wish to work, but who hover near poverty, with an incentive to keep trying. The tax credit will provide them with enough extra so that there will be an incentive to jump from Federal assistance to employment.

There will be a cost. Some estimate that an earned income tax credit could cost the Government in the neighborhood of $7 billion. I question this, and I'll tell you why. If Congress were to repeal the dependent care tax credit, substituting the child care tax credit included in the earned income tax credit proposal, we would immediately save several billion dollars. Those dollars could be funneled toward the lower income families. The result would be a tax credit costing the Government far less—maybe nothing at all. In the long run a boost such as this has to have its positive side effects on all sorts of Federal programs. I've got to believe that a reduction in the number of welfare recipients, combined with the taxes generated by those who use the EITC to move up and out of poverty, would make the program self-sufficient.

The Congress needs to consider this idea, and there is no time like the present. This is why I've decided to cosponsor the Family Living Wage Act with BILL GOODLING and TOM PETRI. It is innovative, straightforward, uncomplicated and, best of all, it gets to the heart of the real problem.

Mr. FLORIO. Mr. Speaker, yesterday the President vetoed legislation approving a modest increase in the minimum wage. Today, I rise to urge all my colleagues to join me in voting to override that veto.

During his campaign, President Bush promised to make America a kinder, gentler nation. But his action yesterday was neither kind or gentle to millions of hardworking men and women for whom earning a living is a daily struggle.

It has been 8 long years since the last increase in the minimum wage. Since that time, inflation has eaten away at the value of that wage, so that the current minimum wage of $3.35 an hour is only 35 percent of the average wage in this Nation, not nearly enough to raise a family out of poverty.

Mr. Speaker, the majority of minimum wage workers are adults; most are women and minorities. Many are single heads of household, struggling to raise families. These are the people we call the working poor, men and women who, in the richest nation in the world, are condemned to living a life of poverty.

We in Congress have the power to change that. We have the power to ensure that every single working person earns a decent wage, a wage that will allow them to live with dignity and financial security. And we can do this simply by casting our votes to override the President's veto.

Too much time has passed; the workers of this Nation cannot wait any longer. Congress must act today. I hope that my colleagues will vote with me to override the President's veto, and bring fairness back to the lives of our Nation's workers.

Mr. MINETA. Mr. Speaker, when the President vetoed the minimum wage bill yesterday, he disappointed the vast majority of the American people.

Most Americans believe that the increase in the minimum wage approved by Congress is long overdue. For too long, the minimum wage has remained stagnant while inflation has eroded its value and undercut the buying power of millions of hard working people.

In years past, a working man or woman earning the minimum wage could support a family. But today, that same working man or woman cannot even support themselves on a minimum wage income.

The minimum wage has not been raised since 1981, when it was set at $3.35. If the minimum wage had just kept pace with inflation since then, the wage today would be $4.68. That means that the real incomes of minimum wage workers have been slashed by nearly 30 percent in the last 8 years.

Unfortunately, the President's advisors seem to believe that scoring political points is more important than underscoring our commitment to America's working poor.

Mr. Speaker, I urge my colleagues to act out of fairness and decency and override the President's veto. Let us restore a measure of economic dignity to millions of American workers.

Mr. WEISS. Mr. Speaker, I rise today in strong favor of overriding President Bush's veto of legislation to increase the minimum wage.

It is confusing, to say the least, to try to follow the President's position on the minimum wage. Candidate George Bush claimed, with great fanfare during his campaign, that he indeed supported raising the minimum wage. This, we all remember, was part of candidate Bush's "Kinder, gentler" pitch to the American people. Clearly, George Bush understood that the overwhelming majority of Americans supported an increase in the minimum wage as it had not been raised since 1981 and its real value over that period had declined by one-third.

The bill being voted on today is a modest, compromise approach to the problems facing low-income workers. In fact, the House and Senate leadership accepted President Bush's idea of a subminimum training wage as part of their effort to mold a bipartisan package. In

addition, the House dropped a provision, which I supported, which would have indexed the minimum wage to 50 percent of the average wage. Further, the original House version of H.R. 2 would have raised the minimum wage to $4.65. This rate was reduced as part of the attempt to accommodate the President.

Now the President has decided that despite the honest and good faith attempts by Congress of fashion a bill which is moderate and incorporates major components of the administration's minimum wage plan, that he will not support any bill which raises the minimum wage over $4.25. The President says that any increase over this level will cost jobs.

This is peculiar logic. If the President believes that increasing the minimum wage will cost jobs, then he should not support any increase. There is no law of economics which says that the minimum wage can increase to $4.25 but after that, it will have a negative impact on the economy. The President is advocating an increase of $0.90 in the minimum wage. What effect will this have on the economy?

Mr. Speaker, the President cannot have it both ways. Either he believe that raising the minimum wage will cost jobs or he doesn't. He can't argue that increasing it to $4.25 won't cost jobs but increasing it to $4.55 will.

The President has decided to play tough with Congress over this issue. This is politics, pure and simple. It is a tragedy that the long-overdue increase for America's lowest paid workers is being held hostage by this kind of political gamesmanship. Congress should end this game. We should override President Bush's veto and restore a decent and fair standard for the minimum wage.

Mr. FAWELL. Mr. Speaker, I do not know if I can add anything to the arguments here. As I understand the arguments put forth by the opposition, they are trying to help the poor who support families, as though the minimum wage increase is a viable antipoverty weapon. That is the number 1 fiction that I would like to talk about.

There are about 3 million people earning minimum wage now. Most of these are young, part-time, not poor, and 93 or 94 percent have no families that they are supporting whatsoever. In fact, about 1 million of the 3 million are employed in the restaurant industry, a great proportion of whom are operating on tips. I have a friend in Washington, DC, who makes $25,000 a year as a waiter, for instance. Of course, not all waiters and waitresses are making that kind of money, but the point is that throughout this country it is really a fiction when we say there are 3 million people on minimum wage. Another example is people in sales who earn commissions. There again, are workers listed as part of the minimum wage group who are making considerably more than the minimum wage.

However, there is a nonfiction that is very, very true. It has been mentioned today and I will mention it again. Although any two economists hardly ever agree on much of anything, all economists agree that there will be two effects from an increase in the minimum wage, for sure: One, there will be lost jobs. The Congressional Budget Office, Mr. Greenspan from the Federal Reserve, the Department of Labor, and editors of our major newspapers agree with this, there will be lost jobs, anywhere from 125,000 to 600,000. Who is the first to go? Of course, the most disadvantaged, the handicapped, the people who are on the bottom rung of the economic ladder.

The other guaranteed nonfiction that we can count on, confirmed by Mr. Greenspan and the others, is that we will cause an increase in inflation. Collective bargaining agreements are tied to what the minimum wage is, either literally or in effect. I think we should look to what the gentleman from Wisconsin, Mr. PETRI, is talking about. We should target the aid we will give to the people who are working and supporting families. If we do that, we are helping the working poor who are supporting families. We are doing something new for a change.

□ 1700

The SPEAKER pro tempore (Mr. PERKINS). All time has expired.

Mr. HAWKINS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 247, nays 178, not voting 8, as follows:

[Roll No. 86]

YEAS—247

Ackerman	de la Garza	Hawkins
Akaka	DeFazio	Hayes (IL)
Alexander	Dellums	Hayes (LA)
Anderson	Dicks	Hefner
Andrews	Dingell	Hertel
Annunzio	Dixon	Hoagland
Anthony	Donnelly	Hochbrueckner
Applegate	Dorgan (ND)	Horton
Aspin	Downey	Hoyer
Atkins	Durbin	Hughes
AuCoin	Dwyer	Jacobs
Bates	Dymally	Jenkins
Beilenson	Dyson	Johnson (CT)
Bennett	Early	Johnson (SD)
Berman	Eckart	Johnston
Bevill	Edwards (CA)	Jones (GA)
Bilbray	Engel	Jones (NC)
Boehlert	Erdreich	Jontz
Boggs	Espy	Kanjorski
Bonior	Evans	Kaptur
Borski	Fascell	Kastenmeier
Bosco	Fazio	Kennedy
Boucher	Feighan	Kennelly
Boxer	Flake	Kildee
Brennan	Flippo	Kleczka
Brooks	Florio	Kolter
Browder	Foglietta	Kostmayer
Brown (CA)	Ford (MI)	LaFalce
Bruce	Ford (TN)	Lantos
Bryant	Frank	Leach (IA)
Bustamante	Frost	Lehman (CA)
Cardin	Garcia	Lehman (FL)
Carper	Gaydos	Leland
Carr	Gejdenson	Levin (MI)
Clarke	Gephardt	Levine (CA)
Clay	Gibbons	Lewis (GA)
Clement	Gilman	Lipinski
Coelho	Glickman	Lloyd
Coleman (TX)	Gonzalez	Long
Conte	Gordon	Lowey (NY)
Conyers	Gray	Luken, Thomas
Costello	Guarini	Machtley
Coyne	Hall (OH)	Manton
Crockett	Hamilton	Markey
Darden	Harris	Martin (IL)
Davis	Hatcher	Martinez
Matsui	Perkins	Solarz
Mavroules	Pickett	Solomon
McCloskey	Pickle	Staggers
McDade	Poshard	Stallings
McDermott	Price	Stark
McHugh	Rahall	Stokes
McMillen (MD)	Rangel	Studds
McNulty	Richardson	Swift
Mfume	Ridge	Synar
Miller (CA)	Rinaldo	Tallon
Mineta	Robinson	Tanner
Moakley	Roe	Torres
Mollohan	Rose	Torricelli
Moody	Rostenkowski	Towns
Morella	Rowland (CT)	Traficant
Morrison (CT)	Roybal	Traxler
Mrazek	Russo	Udall
Murphy	Sabo	Unsoeld
Murtha	Sangmeister	Vento
Nagle	Savage	Visclosky
Natcher	Sawyer	Volkmer
Neal (MA)	Scheuer	Walgren
Neal (NC)	Schneider	Walsh
Nelson	Schroeder	Watkins
Nowak	Schumer	Waxman
Oakar	Sharp	Weiss
Oberstar	Shays	Wheat
Obey	Sikorski	Williams
Olin	Sisisky	Wilson
Ortiz	Skaggs	Wise
Owens (NY)	Skelton	Wolpe
Owens (UT)	Slattery	Wright
Pallone	Slaughter (NY)	Wyden
Panetta	Smith (FL)	Yates
Payne (NJ)	Smith (IA)	Yatron
Pease	Smith (NJ)	
Pelosi	Smith (VT)	

NAYS—178

Archer	Green	Packard
Armey	Gunderson	Parker
Baker	Hall (TX)	Pashayan
Ballenger	Hammerschmidt	Patterson
Barnard	Hancock	Paxon
Bartlett	Hansen	Payne (VA)
Barton	Hastert	Penny
Bateman	Hefley	Petri
Bentley	Henry	Porter
Bereuter	Herger	Pursell
Bilirakis	Hiler	Quillen
Bliley	Holloway	Ravenel
Broomfield	Hopkins	Ray
Brown (CO)	Houghton	Regula
Bunning	Huckaby	Rhodes
Burton	Hunter	Ritter
Byron	Hutto	Roberts
Callahan	Hyde	Rogers
Campbell (CA)	Inhofe	Rohrabacher
Campbell (CO)	Ireland	Roth
Chandler	James	Roukema
Chapman	Kasich	Rowland (GA)
Clinger	Kolbe	Saiki
Coble	Kyl	Sarpalius
Coleman (MO)	Lagomarsino	Saxton
Combest	Lancaster	Schaefer
Cooper	Leath (TX)	Schiff
Coughlin	Lent	Schuette
Cox	Lewis (CA)	Schulze
Craig	Lewis (FL)	Sensenbrenner
Crane	Lightfoot	Shaw
Dannemeyer	Livingston	Shumway
DeLay	Lowery (CA)	Shuster
Derrick	Lukens, Donald	Skeen
DeWine	Madigan	Slaughter (VA)
Dickinson	Marlenee	Smith (MS)
Douglas	Martin (NY)	Smith (NE)
Dreier	Mazzoli	Smith (TX)
Duncan	McCandless	Smith, Denny (OR)
Edwards (OK)	McCollum	Smith, Robert (NH)
Emerson	McCrery	Smith, Robert (OR)
English	McCurdy	Snowe
Fawell	McEwen	Spence
Fields	McGrath	Spratt
Fish	McMillan (NC)	Stangeland
Frenzel	Meyers	Stearns
Gallegly	Michel	Stenholm
Gallo	Miller (OH)	Stump
Gekas	Miller (WA)	Sundquist
Gillmor	Molinari	Tauke
Gingrich	Montgomery	Tauzin
Goodling	Moorhead	Thomas (CA)
Goss	Morrison (WA)	Thomas (GA)
Gradison	Myers	
Grandy	Nielson	
Grant	Oxley	

Thomas (WY)	Walker	Wylie
Upton	Weber	Young (AK)
Valentine	Whittaker	Young (FL)
Vander Jagt	Whitten	
Vucanovich	Wolf	

NOT VOTING—8

Buechner	Dornan (CA)	Parris
Collins	Hubbard	Weldon
Courter	Laughlin	

□ 1720

So, two-thirds not having voted in favor thereof, the veto of the President was sustained and the bill was rejected.

The result of the vote was announced as above recorded.

The message and the bill are referred to the Committee on Education and Labor.

The SPEAKER. The Clerk will notify the Senate of the action of the House.

□ 1720

GENERAL LEAVE

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, the veto of H.R. 2, the bill just considered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT OF 1989

The SPEAKER. Pursuant to House Resolution 173 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for consideration of the bill, H.R. 1278.

□ 1722

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 1278) to reform, recapitalize, and consolidate the Federal deposit insurance system, to enhance the regulatory and enforcement powers of Federal financial institutions regulatory agencies, and for other purposes, with Mr. KILDEE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Texas [Mr. GONZALEZ] will be recognized for 30 minutes; the gentleman from Ohio [Mr. WYLIE] will be recognized for 30 minutes; the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 10 minutes; the gentleman from Texas [Mr. ARCHER] will be recognized for 10 minutes; the gentleman from Texas [Mr. BROOKS] will be recognized for 10 minutes; the gentleman from Florida [Mr. MCCOLLUM] will be recognized for 10 minutes; the gentleman from Michigan [Mr. CONYERS] will be recognized for 5 minutes; the gentleman from New York [Mr. HORTON] will be recognized for 5 minutes; the gentleman from Massachusetts [Mr. MOAKLEY] will be recognized for 5 minutes; and the gentleman from Tennessee [Mr. QUILLEN] will be recognized for 5 minutes.

The Chair recognizes the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. PICKLE].

FLAG DAY 1989 SEES NEW BOOK, "THE FLAG OF THE UNITED STATES AND STATE FLAGS, SEALS, AND MOTTOES" UNVEILED BY THE U.S. CAPITOL HISTORICAL SOCIETY

(By unanimous consent, Mr. PICKLE was allowed to speak out of order.)

Mr. PICKLE. Mr. Chairman, a new book on the U.S. flag and State flags, seals, and mottoes, published by the U.S. Capitol Historical Society, was previewed for the first time yesterday in Baltimore, MD.

This is probably the most unique and complete book on the United States flag, since it presents in one concise and inexpensive source information on the National flag, seal, and motto, and the State flags, seals, and mottoes.

This book also has a two-page centerspread of the U.S. flag which assigns the names of the States to the 50 stars in the chronological order in which they were admitted to the Union.

One of the most valuable features is an extensive bibliography on the U.S. flag located in the back of the book.

I encourage you to contact the U.S. Capitol Historical Society for more information about this unique, new book.

Mr. GONZALEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I realize that we are following a very important vote, and the Members are wishing to visit, but I am going to implore my colleagues to pay attention, because the legislation we are about to begin discussion on is the most comprehensive banking legislation that the Congress has had before it, or our Committee on Banking, Finance and Urban Affairs, in 55 years.

Mr. Chairman, the legislation before us is urgent. It is clearly "must" legislation.

None of us are anxious to vote for a bill that carries a price tag that may be measured ultimately in the hundreds of billions of dollars. But, H.R. 1278 offers an opportunity for this Congress and for the Nation—an opportunity to place the financial community on solid footing with a regulatory system that can assure that never again will federally insured institutions be allowed to dig so deeply into the National Treasury.

We have more than the savings and loan industry at stake. Confidence in the entire financial system—and the regulatory machinery—will be at risk if we fail to deal firmly with the crisis before us.

H.R. 1278 is designed to:

First, restore the public's confidence in Federal deposit insurance;

Second, assure that financial institutions, not the insurance funds and the taxpayers, bear the risks;

Third, assure that the Federal Government maintains a no nonsense, tough regulatory system that will stop the high flyers before they get off the ground;

Fourth, assure that the criminals, the incompetents, and the quick-buck artists be removed and kept out of insured financial institutions and that the law violators, responsible for the demise of institutions and losses to the insurance funds, be prosecuted and punished to the full extent of the law; and

Fifth, assure that the savings and loan industry, and the Government instrumentalities which support that industry, return to their primary purposes of providing housing finance, rather than funding for speculative, high-risk ventures.

Mr. Chairman, the pledge that this will not happen again—that we will not revisit the pockets of the taxpayers—depends on this House making hard decisions on who bears the risks. Is it the taxpayers? Or is it the owners and operators of the institutions?

If we vote weak capital standards—with lots of ifs, ands, and buts—we are socking it to the taxpayers one more time. If we vote solid requirements for tangible capital—real money—we will shift the burden from the taxpayers and the insurance fund to the institutions—to the people who own and operate the businesses.

I come from the State of Texas where we know the savings and loan problems firsthand. I know the difficulties. I know the problems of institutions—good institutions—that will have to struggle to meet new capital standards. I do not come here today to make a sanctimonious plea for some tough standard produced in an ivory tower.

I ask my colleagues, rather, to put these institutions on solid ground and to put an end to the hocus-pocus of savings and loans operating on nothing but frothy, air-like capital which cannot be converted to cash.

Two-thirds of the industry can and do meet the 3 percent core capital requirements of the Banking Committee's bill. Others will meet the standards by next year and still others will

be allowed to come up with solid business plans that will be sufficient to gain temporary regulatory forbearance. Hopelessly insolvent institutions—currently draining the insurance funds of $20 to $40 million daily—will not meet the standards. They will be closed and the massive hemorrhaging that is destroying the insurance fund will be halted.

But, for the others there is no automatic closing, the wild propaganda of the industry trade associations notwithstanding. In cases where institutions are viable and have a future, the regulators are given broad discretion in approving exemptions from the capital requirement—except in those cases where the institutions are being operated unlawfully or unsafely.

If we do not vote adequate capital standards, upwards of $1 trillion of assets will be at risk—risks that would be borne by the insurance fund and the taxpayers.

We cannot ask the American taxpayers to pay for the sins of the past and then place all the future risks on their backs as well. My colleagues, the taxpayers will not remain silent if the Congress engages in this shell game.

Much will be said on this floor in the coming hours about goodwill—supervisory goodwill in particular. The committee is aware of the dilemma of those institutions that currently carry goodwill as part of their core capital. The committee also recognizes that goodwill is an intangible that cannot be converted to cash and, thus, provides no cushion against losses. In an effort to deal fairly with those institutions—and to deal fairly with the taxpayers—the committee adopted provisions to phase out supervisory goodwill over 5 years.

It is a fair compromise of a difficult problem. Yet, we still have proposals circulating to allow goodwill to remain on the books forevermore.

The industry is hanging its arguments on the contention that the goodwill provided under so-called supervisory agreements represents ironclad, never to be changed contracts with the Government.

Such an argument suggests that the Congress cannot adjust regulatory standards of any kind in any area—an argument that is not supported by law or common sense. As the Justice Department states in a June 12 letter, it is well settled that it is a valid exercise of Government power to readjust economic burdens and benefits "in a manner rationally related to a legitimate public purpose."

Clearly, the requirement for basic capital standards as contained in H.R. 1278 meets the test of a legitimate public purpose.

Many who argue the case for supervisory goodwill suggest that goodwill was the only benefit that flowed to the institutions from the agreements with the regulators. Most often, the agreements contained lavish tax benefits, regulatory forbearance, branching rights, and other goodies that made the deals very sweet, indeed. The supervisory goodwill often paled beside the other benefits that flowed from the agreements.

The bottom-line fact is that supervisory goodwill is not tangible capital. It protects neither the insurance fund nor the taxpayers. I urge the House to stick with the compromise crafted in the Banking Committee, phasing out supervisory goodwill and replacing it with hard cash-like items.

It would be the height of folly for this House to struggle with these issues and to expend billions of dollars of public moneys without assuring that the resurrected savings and loans serve a public purpose.

The purpose of the Home Loan Bank Act of 1932 was to promote home ownership by assuring the availability of affordable loan financing through the 12 Home Loan Banks.

This public purpose was recognized in the administration's bill. The first purpose listed in the bill submitted by President Bush is "to promote a safe and stable source of affordable housing finance."

The Banking Committee took this stated purpose seriously and included provisons that would require that a small portion of the advances of the Home Loan Banks be set aside for affordable housing.

The committee also included provisions that would give nonprofit organizations and local housing authorities a chance to bid on residential property acquired from failed institutions. The property, rather than being allowed to deteriorate or fall into the hands of speculators, could be used to house low and moderate income families.

These provisions add badly needed public purposes to the legislation. The affordable housing provisions return the Home Loan Banks and the savings and loans to their basic purposes in the housing markets.

The affordable housing provisions not only will help build needed housing but will play a role in dampening the use of Home Loan Bank funds for speculative purposes. In recent years, many of the savings and loans have used advances to engage in high-risk ventures. The Home Loan Bank title assures that housing takes priority over speculative operations. The title serves both housing and the safe operation of thrifts.

In summary, my colleagues, the Banking Committee has reported a solid bill that combines tough regulatory standards, adequate capital, and specific public purposes. I want to commend my colleague, FRANK ANNUNZIO, the chairman of the Financial Institutions Subcommittee, who moved this bill so expeditiously through his subcommittee. While we do not agree on all points with the minority, H.R. 1278 emerged from the committee as a truly bipartisan effort. Much credit must go to our ranking minority member, CHALMERS WYLIE, who worked long and hard to perfect the product. I deeply appreciate the cooperative and responsible manner in which Mr. WYLIE approached the task.

But, it is not just the leadership on the committee. The entire committee, from the senior row down to the newest Members on both sides of the aisle, participated fully in the effort. I am very proud of the manner in which all members of the committee pitched in and spent the long hours on some of the most difficult and complex issues to face the committee in decades.

□ 1740

I also wish to thank the staffs on the respective majority and minority sides. The staffs have worked. There have been periods of time in which they worked over weekends, past midnight, all day on Saturday, half the night on Saturday, and all day on Sunday.

These are efforts we should recognize because it is so little, the opportunity that we have to proclaim the essential effectiveness, the goodness, the efficiency of the members of the committee and the staffs who have been employed and who have been willing to work in behalf of this legislation.

I just end by saying that this was my prepared text, but ultimately no matter which way we weave or wind, every one of us, when we have taken our action, even if it is just offering and registering a vote, ultimately when passion has died down, the captains have departed, and we look back the only question we can answer is: Were we for the people or were we against the people?

It is with this, I think, clearly in mind that I saw a 49-2 vote in a 51-member committee after very hard and arduous debate and markup of the committee. So it is not I, and I say this with no sense of false modesty, but really the membership. I have been a member of this committee the 28 years I have been in the Congress and I have always had nothing but the highest respect and esteem even with those who may be poles apart from the way I think and feel.

So this is a net residue product.

Mr. Chairman, I urge my colleagues to back the committee when we get to the vote on the key issues.

Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. ANNUNZIO] who is not only the ranking member of the full committee but, as I said before, is the chairman of the Subcommittee on Financial Institutions Supervision, Regulation and Insurance.

Mr. ANNUNZIO. Mr. Chairman, I want to express my deep appreciation and gratitude for the accolades Chairman GONZALEZ has paid me today. I enjoyed working on this legislation. I enjoyed my relationship with my old friend, the gentleman from Ohio, Mr. CHALMERS WYLIE. We worked hard. I think we have a good product.

I want to remind the Members of the House that today the House has before it the biggest and most significant piece of banking legislation in quite a number of years. This is not a great bill or a good bill, but it is a necessary bill. It is necessary because of the crisis in the savings and loan industry.

More than 3 months ago, the Financial Institutions Subcommittee, which I chair, held its first hearing on this legislation. We went on to have 6 days of hearings. We heard from 22 witnesses. We had 4 days of subcommittee markup. We considered almost 200 amendments in subcommittee. The full committee then had 4 days of markup. Then the bill was considered by the Ways and Means Committee, the Judiciary Committee, and the Government Operations Committee. More amendments were considered by those committees.

Quite frankly, Mr. Chairman, I do not know if the bill got better or worse the more we worked on it.

The extraordinary activity in the Rules Committee last week, showed just how mixed the reviews of this bill are. Almost 50 Members had over 100 amendments which they wished to be allowed to offer on the floor. How many other bills go to the Rules Committee with so many Members clamoring to amend them? I doubt there are very many.

The stampede to the Rules Committee is strong evidence that this bill leaves much to be desired. It is also evidence that we have been too slow to act on it. It would have been better if we had taken it up on the floor as it came from the subcommittee.

I am not suggesting that the subcommittee version of the bill was perfect. Far from it, but to have brought it to the floor would have saved 2 months of the time.

In the context of the savings and loan bill, time is money, a lot of money. Every day that goes by without a resolution to this crisis costs the American taxpayer $30 million. The 2-month delay since the subcommittee reported the bill has now cost the taxpayers an additional $1.8 billion.

The delay has not resolved any of the issues that we are going to deal with here on the floor. We are still going to vote on whether the funds should be on- or off-budget. We are still going to vote on the appropriate treatment for supervisory goodwill. We are still going to vote on low-income housing provisions.

When the President stood in this Chamber to deliver his State of the Union Address, he asked that we move this bill quickly. The other body acted on April 19. Only one committee in the other body considered the legislation, and that committee disposed of it in a single day.

Had we taken up the subcommittee bill immediately after it was reported to the full committee on April 13, we could have brought the bill to the floor, gone to conference and had a bill on the President's desk by the end of April.

The House is the greatest democratic body in the world. But there comes a point in which democracy begins to border on anarchy. After half a dozen committees and some 500 amendments, I cannot say that we have a better bill. I hope my colleagues on the other side of the aisle keep this bill in mind before complaining about actions to limit debate taken by the House leadership. Oh, we have made changes here and made changes there, but have we made the bill $1.8 billion better? I cannot honestly say that we have.

I want to take just a moment to discuss some of the provisions of this bill.

The bill provides the Federal Deposit Insurance Corporation [FDIC] with much greater powers and responsibilities. I am extremely concerned about this. Quite frankly, I think the FDIC has its hands full with its current responsibilities. Can we really expect an agency which is barely able to keep up with its current workload to be able to handle more work?

The FDIC is not meeting its self-imposed examinations schedules for banks. There are large numbers of banks under the FDIC's supervision that have not been examined in 5 years or more. Last year, the FDIC suffered a loss of $4.2 billion on 200 bank failures. It was the first time in the 55-year history of the FDIC that it has suffered a loss. Already this year, over 90 banks have failed. The FDIC has responsibility for disposing of these failed institutions, as well as examining over 8,000 State-chartered banks.

Even so, we are giving the FDIC more responsibility by shifting the administration of the SAIF savings and loan insurance fund to the FDIC. On top of that, the Resolution Trust Corporation [RTC] is encouraged, under the bill, to contract with the FDIC for liquidation services relating to failing savings and loans.

In the bill we have strengthened capital standards. Savings and loans need to have an adequate amount of capital as a cushion between the insured deposits and the insurance fund. Capital provides the owners with a genuine stake in the institution so that their money is at risk for risky investments they make. Inadequate capital is not a luxury we can afford, and I strongly support high capital standards.

I want to correct, however, some misleading statements that have been made in the media concerning this body and capital standards for savings and loans. This body has been repeatedly portrayed as being in favor of weak capital standards. Some Members of the House have been the target of vicious and unwarranted attacks by being portrayed as stooges and puppets for irresponsible and crooked savings and loan operators. Those charges are most vile smears, and the publishers should be ashamed of themselves for printing them.

The Financial Institutions Subcommittee adopted an amendment which required tougher capital standards a year earlier than the Bush proposal and was promptly criticized for it. The next week, the other body adopted a capital standards amendment similar to the subcommittee's standards. It was praised for it.

There will be one capital amendment offered today that I will support, and that is the Hyde amendment on supervisory goodwill. The amendment is needed because supervisory goodwill is treated unfairly and unjustly by the bill as it has come to the floor. Supervisory goodwill was created at the request of the regulators. It was approved in specific transactions by the regulators. It is recognized as a legitimate item under generally accepted accounting principles.

Let me give an example to show why the bill's treatment of goodwill is so inequitable.

For each of the last 3 years Talman Home Federal, the largest savings and loan in Chicago, has had profits in excess of $20 million. It has made those profits by making very conservative home loans. Its portfolio of nonperforming loans is one-half of 1 percent. In other words, Talman is everything a savings and loan should be—conservative, dedicated to home lending, and profitable.

Yet, under this bill, Talman will be branded a problem savings and loan. The reason is that it has goodwill on its books. This is supervisory goodwill that it acquired when it bought four failing savings and loans at the request of the Federal Government. Every year for the next 30 years, Talman must take $20 million in cash, from its earnings, to write off this supervisory goodwill.

The Hyde amendment will alleviate some of the damage that the Banking Committee capital proposals will cause. I urge Members to support it when it is offered.

Three hundred to five hundred insolvent institutions are going to be closed as a result of this legislation. This is going to drive up the Govern-

ment's legal fees. By the end of this year, the FDIC expects to be involved in 70,000 lawsuits. The FDIC could easily spend over $100 million in legal fees next year. H.R. 1278 may be the biggest lawyers' full employment bill since the 1986 tax reform bill.

H.R. 1278 has a provisions that I hope will be used to reduce those costs. The bill requires the FDIC to set up alternative dispute resolution [ADR] processes. These processes are designed to be an alternative to long and costly legal proceedings. I certainly encourage the FDIC and claimants against the FDIC to use these ADR's. Everyone benefits from fair, impartial, and inexpensive dispute resolution. Everyone, that is, except attorneys. Since this bill is intended to relieve the savings and loan crisis, not enrich lawyers, I hope this provision is put to good use.

The bill attempts to limit troubled institutions from increasing the amount of brokered deposits that they use. This is a good provision. I hope the FDIC reads it since, incredibly, the FDIC has been increasing the amount of brokered deposits in troubled institutions for which it is the conservator.

Brokered deposits distort market interest rates and the flow of funds at the local, regional, and national levels. In addition, the high rates paid for brokered deposits encourage institutions to take greater risks to try to cover the increased costs.

The enforcement provisions of the bill are good provisions which I was proud to work on with the gentleman from Georgia [Mr. BARNARD] and the gentleman from Ohio [Mr. WYLIE]. These provisions will help put the crooked operators in jail and take the profit out of financial institution crime. Unfortunately, the Judiciary Committee weakened the criminal penalties. I will offer an amendment to restore the tougher penalties that the Banking Committee had adopted, and I urge my colleagues to support it when it is offered. We need tougher, not more lenient, penalties for thieves.

This bill is the beginning of the resolution of the savings and loan crisis, not the total resolution. It has plenty of serious flaws that are apparent, and probably some that are not apparent. As chairman of the Financial Institutions Subcommittee, I can assure Members that the subcommittee will constantly monitor how the act is carried out, and will promptly act to correct the deficiencies as they become apparent.

Even with the great flaws in this bill, we need to begin to resolve the savings and loan crisis. I urge the Members to focus not on this bill's many deficiencies, but on its benefit, which is to begin the resolution process. We need to start somewhere, and I urge the Members to vote for the bill.

□ 1750

Mr. WYLIE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. MCMILLAN].

Mr. McMILLAN of North Carolina. Mr. Chairman, I want to congratulate the chairman of the committee on which I served last term and the ranking member for the extraordinary leadership that they have exercised in drafting this legislation and to express my strong support for the provisions as contained in the bill.

I rise in favor of the capital requirements in the bill. We have heard pleas for watering down the capital requirements these past few months. In general, these arguments are shortsighted and will lead us back down that same path to insolvency that the industry has traveled with the underregulated and abused umbrella of Federal deposit insurance.

Maintaining reasonable capital requirements is so critical that I offered an amendment which would have provided market incentive for thrifts to meet the 3-percent capital-to-asset ratio by 1995. My amendment would have tied the amount of deposit insurance coverage to the level of core capital. I planned to offer it if any measure passed that reduced capital requirements. Unfortunately, my amendment was not ruled in order, but I stand by its principal. Federal deposit insurance should be available only to adequately financed institutions.

In some instances, special consideration of supervisory goodwill, which regulators recognize in the context of a business plan, may be in the public interest. But in granting that, regulators should have tight control and take into account the liquidity of the institution, risk exposure on the asset side, and the stability of deposits. That power exists in the committee bill, but I am concerned that some amendments may weaken that essential protection to the taxpayer.

Regardless of any allowances we pass for supervisory goodwill, it is imperative that thrifts meet at least the 3-percent core capital requirement in 1995 or have an accepted plan to do so. It is not excessive; in fact, it is only half that required for national banks whose risks in many cases are far less than certain thrifts. Anything less than that, except for certain regulated exceptions, is dangerous to the thrift industry and dangerous to the taxpayer.

We should place the burden of meeting capital requirements squarely where it belongs. Deposit insurance will be for the foreseeable future underwritten by the taxpayers. But the taxpayers are entitled to insist, with reason, that deposit institutions provide an adequate capital cushion of 3 percent.

Any adequately managed thrift recognizes that in order to maintain confidence, it must either increase its capital to support its assets or shrink its assets to match its capital base. If a thrift cannot do it in the 5-year phase-in period, then I question whether it is a viable institution—and so should the law.

I urge my colleagues to consider the plight of the industry beyond the boundaries of their districts. North Carolina has been relatively fortunate and has not suffered the losses that other States have. Nonetheless, the State has not been exempt from problems. In considering what is good for our home districts, we must not simply focus on what is good for the home town S&L. We must broaden our view to what is good for the Nation as a whole and what our responsibility is to the taxpayer. If we fail to insist on adequate capitalization across the board, no amount of goodwill or due process is going to protect the healthy part of the industry from the disease of insolvency.

Mr. WYLIE. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. WOLPE].

Mr. WOLPE. Mr. Chairman, I thank the gentleman for yielding time to me, and I rise to express my reservations about the allocation of the proposed taxpayer cost of this legislation.

Mr. Chairman, the bill before us is one of the most costly measures we will consider during our tenure in Congress. The necessity of bailing-out the Federal Savings and Loan Insurance Corporation [FSLIC]—regardless of cost—is universally accepted as an unquestionable obligation of the U.S. Government. The sanctity of this obligation, however, should not dissuade us from pursuing a small measure of accountability from those who bear responsibility.

The Federal Government is clearly responsible for bailing-out insolvent thrifts which are federally chartered. However, a sizable portion of the Nation's thrift industry is comprised of State-chartered institutions which are regulated by the States but receive deposit insurance from the Federal Government. In some States the traditional Federal-State partnership which has characterized this dual banking system has been seriously abused by State regulators who have allowed institutions under their supervision to engage in highly risky investment practices—and even outright fraud—with funds backed by Federal deposit insurance.

Therefore, I was recently joined by Representatives HORTON, KANJORSKI, KAPTUR, LAFALCE, and ROTH in asking the Rules Committee to make in order an amendment to the bail-out bill to shift a small portion of the burden to States which bear substantial responsibility for excessive costs due to inadequate regulation of State-chartered thrifts.

In 1988, FSLIC took action to close or merge 205 insolvent thrifts at an eventual cost of $30.9 billion in 1988 dollars. Of this, $23.3 billion—or 75 percent of the cost—can be attributed to closing or merging state-chartered, but federally insured thrift institutions.

As cochair of the Northeast-Midwest Congressional Coalition, I am particularly concerned about the impact of this bailout on our region. The 18 States in our region caused only $561 million—or 2.4 percent—of the $23 billion in costs that I just mentioned. But because we pay 47 percent of the Nation's taxes, we will be socked with a bill for $7.6 billion. Texas, on the other hand, caused $16.7 billion—or 72 percent—of these costs. But because Texas only pays 6.6 percent of the Nation's taxes, the committee's bill only asks Texas' taxpayers to pay $1.1 billion toward the bailout.

Mr. Chairman, is it really fair to ask those who have caused 2.4 percent of the problem

to pay for 47 percent of the solution, while those who have caused 72 percent of the problem only pay 6.6 percent of the solution?

The issue of State responsibility for State-chartered thrifts is clearly central to the debate before us. Unfortunately, the Rules Committee did not see fit to allow the full House to consider this admittedly controversial, but crucial, issue.

For the last 50 years, the United States has enjoyed the benefits of a dual banking system which has been based upon a partnership between the Federal and State governments. The States have regulated State-chartered thrifts, which have played a key role in the industry by introducing innovations which have benefited consumers. The Federal Government has supplied deposit insurance for these institutions, which has provided confidence and stability.

Unfortunately, in recent years this Federal-State partnership has been badly abused in some cases. State regulators have granted thrifts under their supervision broad powers which allow them to stray far from the industry's traditional role of providing mortgages to homeowners. Such thrifts have offered high rates of return to depositors to attract capital to finance wildly speculative commercial real estate ventures. When these speculative investments in office buildings and shopping centers soured, loan obligations could not be met, State-chartered S&L's which engaged in this high risk lending plunged into insolvency, and now the American taxpayer is left holding the bag.

Available data indicate that by far the highest concentration of costs due to such activities is found in the State of Texas. As indicated earlier, of the $23.3 billion in eventual costs due to FSLIC's 1988 actions to close or merge State-chartered institutions, $16.7 billion—or 72 percent—can be attributed to Texas S&L's. Defenders of Texas will no doubt argue that the huge costs resulting from the collapse of the State's S&L industry are the result of macroeconomic forces beyond their control. They will blame either: First, troubles plaguing the thrift industry across the Nation in the 1980's; or second, the economic distress caused by the dramatic drop of oil prices in 1986. Neither of these arguments hold much water.

First, a comparison of the health of the thrift industry in Texas with the rest of the Nation demonstrates that the decline of Texas S&L's far exceeds that of the industry as a whole. Second, if economic distress were the primary factor, a similar rash of S&L failures would have spread across the Nation following the 1982 recession. However, a comparison of unemployment rates and net worth as a percentage of assets in thrifts in Texas and Michigan in the 1980's disproves this argument. Due to its role in providing home mortgages, the S&L industry has traditionally been sensitive to increases in the unemployment rate. While Michigan's S&L industry faltered when the State led the Nation with an unemployment rate of 15.5 percent in 1982, it was never in danger of insolvency. In Texas, where the unemployment rate never exceeded 8.6 percent, the crash of the S&L industry came so fast that it clearly had little to do with a cyclical downturn of the State's economy.

In short, this disaster was not caused by bad times; it was caused by irresponsibility during the good times that preceded the bad times.

The boom in America's oil-producing States began with the jump in world oil prices that followed the OPEC embargo of 1973. The boom was further fueled when the second oil shock hit in 1979 when the price of oil soared from $16 per barrel to $30 per barrel following the fall of the Shah of Iran. While these high oil prices crippled the economies of oil consuming States, they fueled rapid economic growth in Texas. From 1972 to 1986, the gross State product [GSP] of Texas grew by 362 percent in unadjusted dollars—one of the highest rates of growth in the Nation.

This robust economic growth—coupled with an unshakable faith in every-increasing oil prices—led to a very relaxed attitude toward commercial lending by both Texas' thrift industry and its State regulators. The following excerpt from a column by Robert J. Samuelson captures this attitude:

> Some years ago I interviewed a Dallas businessman named Ira Corn Jr. This was back when Texas was booming, and I asked: "What made the Texas economy grow?" After listing some of the obvious reasons—oil and gas, low taxes—Corn got to the point. Credit, he said. People were more relaxed than in the East. Banks loved to lend, businesses loved to borrow. Easy credit was great. "You go where you can borrow—where people (banks) lend on people, not on assets," he said.
>
> The story comes to mind now . . . because the Texas passion for easy credit has reached its logical, if destructive conclusion. A sizable part of the federally insured savings and loan industry is bankrupt, and the largest concentration is in Texas.—Robert J. Samuelson, "Easy Credit, Hard Lessons," the Washington Post, April 27, 1988.

To meet the high demand for easy credit, Texas thrifts offered interest rates to depositors that were among the highest in the Nation. As a result, between 1980 and 1985 deposits in State-chartered S&L's in Texas grew by a staggering 186 percent, while such deposits in the rest of the Nation grew by only 26 percent. By 1985, 85 percent of deposits in FSLIC-insured institutions in Texas resided in State-chartered institutions; the comparable figure for the rest of the Nation was only 32 percent.

This massive influx of federally-insured deposits was treated in a remarkably cavalier and irresponsible manner by the S&L industry and State regulators in Texas. Tens of billions of dollars were invested in highly speculative real estate ventures which depended upon optimistic forecasts of ever-increasing oil prices for economic viability. In addition, there is growing evidence that billions of dollars were channeled into schemes that were nothing less than outright fraud.

Federal statute specifically limits the types of investments that federally chartered institutions can make, and it places limits on such investments in terms of percentage of assets. The regulation of State-chartered S&L's in Texas appears to be among the most lenient in the Nation. A recent Congressional Research Service report entitled "Powers of Federally Chartered Thrifts Compared with Those of Thrifts Chartered by the Various States" found that:

> Texas statutes provide little elaboration on the powers of thrifts chartered by the state. The investment and loan powers of Texas state-chartered thrifts, unlike those of other states that we have mentioned, are not delineated in statutory law except for a general provision pertaining to investment in securities. . . . Delineation of lending and investment powers of Texas thrifts is within the authority of the Texas Savings and Loan Commissioner.

The powers of State-chartered thrifts in Texas are not spelled out in law. In Texas, the authority to determine limits upon loans and investments made with funds backed with the full faith of the U.S. Government resides in a State official who may or may not believe that Government has a legitimate role in restraining the excesses of the private sector. In looking at the record for the 1980's, it is difficult not to conclude that the State regulators in Texas were—at best—"asleep at the switch" and that taxpayers across the country will pay tens of billions of dollars in the years ahead as a result.

It is certainly reasonable to require any States which have flagrantly abused the Federal-State partnership that has been the basis of our dual banking system to accept an additional portion of the cost of the bailout. Doing so would somewhat ease the burden on States which have not contributed to such costs through irresponsible regulation.

Our amendment was straightforward and reasonable. A State which is responsible for egregiously excessive costs to bailout State-chartered S&L's would be required to pay 25 percent of such costs if its State-chartered S&L's were to continue to receive Federal deposit insurance in the future.

Our amendment contained four elements to ensure fairness to States which might bear responsibility. First, a State is found to have excessive costs only when its percentage share of the total bailout costs of State-chartered institutions is more than double its percentage share of national deposits in State-chartered institutions in 1980. The year 1980 was chosen as the base year because it predates the explosion of deposits in State-chartered thrifts in the 1980's. Second, a State will only be held accountable for 25 percent of excessive costs, with the Federal Government paying the balance. Third, States will be permitted to meet 50 percent of any potential obligation through the purchase of federally repossessed property within the State. This will give the State the ability to control the release of this property into the marketplace and thereby reduce the possibility of a fire sale of repossessed assets which could threaten real estate values in the State. And fourth, the amendment is voluntary; States only have to pay for excessive costs if they want there State-chartered institutions to continue to receive Federal deposit insurance.

The primary objective of our amendment was fairness. We sought to reduce the cost of Federal taxpayers in States which have not inordinately contributed to the cost of the bailout through irresponsible regulation at the State level. In addition, we have made every

effort to be fair to any State with potential liability.

A secondary objective of our amendment was accountability. We should be sending a clear message to State government that the Federal Government will not allow future abuse of the Federal-State partnership without seeking accountability.

Our effort was attacked by some as an exercise in Texas bashing. We assure you that was not our intent. Nothing in our amendment was structured so as to treat Texas differently than any other State. The fact that the burden of our amendment may have fallen heavily on Texas is simply a result of that State's contribution to the problem.

National polls indicate that the American people are cynical about Government in general and outraged by this bailout in particular. A successful effort to introduce a small measure of accountability and fairness into the savings and loan bailout bill would have been a positive step toward dispelling such feelings. Unfortunately, the rule adopted for the consideration of this bill didn't even allow us the opportunity to try.

Mr. WYLIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am truly pleased that we are here on the House floor today on an issue which has become the most serious problem facing the depository institutions industry since the major banking reforms during the Depression, over 55 years ago.

There is a healthy industry out there that must be preserved. The thrift industry continues to provide almost one-half of all the money for home mortgages. This mechanism has served Americans well. The problems with the savings and loan industry started back in the 1980's with interest rate increases, lending long and low for housing, and borrowing short and high to get cash for thrifts. Thrifts and banks could not compete with money market funds. So we deregulated interest rates so they could compete. Then we expanded the thrift charters to include commercial loans. At the same time supervision of the industry was totally inadequate. For example, from the period 1982 to 1986 when the assets of the California thrifts more than doubled, we found their examining force increased by one, from 84 to 85. In 1987 there were 3,100 thrifts in the United States. Seventy percent made $6.8 billion that year. The other 30 percent lost $13.4 billion. In 1988, the industry as a whole lost over $12 billion and these losses were primarily centered in the sickest institutions and have remained open because the FSLIC fund does not have the money to shut them down. Their losses continue to mount. Three billion, four hundred thousand dollars' worth in the first quarter of 1989, alone. They are losing money at the rate of $20 million a day. Eighty percent of the losses are for four States: Texas, California, Louisiana, and Oklahoma. State chartered thrifts in two States, Texas and California, accounted for 54 percent of all FSLIC expenditures in 1987. Much of the loss was tied to the oil economy in the speculation on real estate, direct investments and overvalued real estate. I would note that in Texas, of the 290 federally insured thrifts, 278 were State chartered. There were factors of fraud, abuse, and in some cases outright criminal activity, but high interest rates, deregulation with lack of supervision, lax State chartering laws, and the bottom dropping out of the oil economy were principal causes.

I would suppose everyone admits the problem must now be solved, and time is of the essense. In all fairness, it has only been about 6 or 7 months that anyone even suggested the magnitude of the problem. Three years ago, GAO supported the Treasury proposal to provide $15 billion over a 5-year period, and new capital. Both Houses passed that bill. But it was held up in the late hours of the session over the issue of direct investments. With the help of the intervention of the then-Secretary of the Treasury, Jim Baker, we passed the bill to provide $10.6 billion to recapitalize FSLIC over 2 years. That was too little and too late. However, the news media and the American public never picked up on the issue until GAO said, "We have a $50-billion problem on our hands," and that did not come until late in 1988.

When we talked about the problem to the news media, eyes would glaze over and we would go to a discussion about a $600 toilet seat or the Iran-Contra affair. Let us face it, recapitalization of the Federal Savings and Loan Insurance Corporation Fund was not a front burner issue. The problem was just too hard to explain. I guess that was partly our fault, but as I said, I do not think anyone knew the magnitude of the problem until only recently.

Now, in the news media we see stories that the legislation that we are about to pass is a bailout for crooked operators, which is not only insulting, but it does little to stabilize confidence in an essential industry. The money from this bill will go to pay off depositors when sick thrifts or brain-dead thrifts are closed down. Right now, FSLIC does not have the money to close down thrifts that are losing money. However, there is a financial awareness now, and people ask who is to blame? Well, there is enough blame to go around, and we do not do the country a service. In fact, we do the country a disservice if we resort to name calling and dwell on it, unless it is to learn a lesson for the future.

It is to the President's credit that he came up with a plan only 18 days after he was sworn in, and he received high marks for his initiative from the news media and the American public. Treasury Secretary Nicholas Brady had been developing proposed legislation back in December because we discussed the urgency of legislation earlier in December. It is to the credit of Senator RIEGLE and Senator GARN that the Senate has passed a bill on April 19. It is to the credit of the gentleman from Texas, Chairman GONZALEZ, and the gentleman from Illinois, Chairman ANNUNZIO, that we worked, and with persistence, to report a bill out of the Committee on Banking, Finance and Urban Affairs on May 2. May I acknowledge the compliment of the distinguished chairman of the Committee on Banking, Finance and Urban Affairs, and say that he has been extremely fair with the minority at all times, and he has, indeed, approached the issue in a bipartisan and statesmanlike way, which I sincererly appreciate. It was indeed a pleasure to work with both of these gentlemen to develop this legislation. The administration came up with a $50-billion funding proposal over a 3-year period. I would again emphasize that this $50 billion is needed to pay off depositors whose deposits are insured up to $100,000. The President and Congress have said no depositor need fear for the loss of 1 penny of their deposit. We must honor this commitment. However, not 1 penny will go to pay off stockholders or management under this bill, either.

There are basically two essential elements to this bill. There is the funding mechanism and there is the "fixit" mechanism. The President's principal concern, and he stated this is the kind of a problem which must never happen again. I agree, the sin of sins would be to fund this problem and not fix it, while we have the chance. I like the funding plan that the President has suggested because it is off budget. It keeps in place the discipline of Gramm-Rudman and an amendment will be offered to place it on budget, which will be debated an hour. So I will save my statement in opposition to that time on that issue. I would just say that if we go on budget, it looks like we are banning Gramm-Rudman. I think that would be a very serious mistake, indeed.

The "fixit" part involves requiring savings and loan operators to put up some of their own money in the form of tangible or real capital. I cannot stress enough the need for strong capital standards. The experience of the last few years has clearly demonstrated the enormous cost of allowing savings and loans to use only depositors' money for at-risk investments with none of their own money at risk. Capital forebearance came into vague in the early 1980's as a result of regulatory accounting practices, RAP accounting, and if we go back to that, we will be back here in the next Congress and the taxpayers will take the rap.

Amendments will be offered for good will to be counted. I hope that we are able to defeat those amendments. The second part of this "fixit" package involves better supervision and reform procedures. I will not dwell on those now, either, except to say to the public, we put $75 million in this bill to give to the Justice Department so it can pursue the crooks who stole from the FSLIC fund to line their own pockets. The Justice Department must be encouraged to be vigilant in pursuit of the criminals and work to gain restitution of some of the property fraudulently invested in with depositors' money. We owe it to the taxpayers to pass this legislation which fights financial fraud, improves our regulatory system, and makes strides to return thrifts to their original role as providers of home mortgages so we can sustain the American dream of home ownership for millions of Americans. I know, Mr. Chairman, that is what all Members of this Congress want to do.

Mr. Chairman, I reserve the balance of my time.

□ 1800

Mr. GONZALEZ. Mr. Chairman, I yield 3 minutes to the gentleman from the District of Columbia [Mr. FAUNTROY].

Mr. FAUNTROY. Mr. Chairman, I rise today to speak on the urgency of the S&L crisis which faces this country. Let me begin by commending President Bush and Secretary Brady for providing the long-overdue national leadership which a financial crisis of this magnitude requires. Despite Republican resistance, their leadership has been met with a true spirit of Democratic cooperation by the House and Senate.

I would be remiss if I did not single out for special recognition the critical role which the distinguished chairman of the Banking Committee, HENRY GONZALEZ, has played in ensuring that this legislation has been accorded the highest priority. Our colleague from Illinois, FRANK ANNUNZIO, the distinguished chairman of the Subcommittee on Financial Institutions, Supervision, and Regulations has performed admirably in scheduling hearings, consulting with Members and otherwise laying the ground work for prompt action on this legislation. My compliments to both of them and their staffs.

In completing the legislative process on the bill there are several major provisions which must be retained in this bill to justify the cost burden we are imposing on each taxpayer in this country. It is imperative that Congress—

Preserve the strong S&L capital adequacy standards which requires S&L owners to put more of their money at risk;

Preserve the housing provisions in order to provide affordable housing credit opportunities for Americans;

Preserve the on-budget funding of the bailout in order to hold this program to the same budgetary standard as programs for the poor, the elderly, and the homeless;

Support Chairman GONZALEZ's amendment limiting RTC's ability to issue debt; and

Support the House Labor and Education amendment re: Pass through deposit insurance coverage on BIC deposits.

RETAIN STRICT CAPITAL REQUIREMENT

At the heart of H.R. 1278 is the new capital standards that thrifts will have to meet. The committee, the administration, and industry experts all agree that sufficient private capital is central to the safety and soundness of a thrift and that the lack of that capital was a major cause of the crisis we now face. Capital is important because it acts as a guardian for the taxpayers. To the extent that institutions have capital not "funny money" such as goodwill, losses are borne by investors rather than the insurance fund and the taxpayers.

The compromise capital requirements, which phase out goodwill over 5 years, are both tough and fair. However, out of concern for well managed but undercapitalized S&Ls, the compromise was carefully drafted to enable those thrifts to continue to operate even while not in compliance with the standards. Qualifying S&L's would not be closed automatically, but permitted limited and prudent growth if they can demonstrate they are not operating in an unsafe and unsound manner and can develop a business plan outlining the steps to be taken to improve their capital position.

Remember these compromise capital standards are no tougher than those already required of banks. I appeal to you to support Chairman GONZALEZ and to ward off any weakening amendments to the capital standards.

AFFORDABLE HOUSING PROVISIONS

Chairman GONZALEZ has offered two specific housing measures: Cash advance windows to support mortgages for low-and-moderate income housing and a provision to require the right of first refusal for a limited time period to nonprofits and low-income persons for properties owned by insolvent S&Ls.

I am asking for your support of these provisions of the legislation because households which are at extreme risk of becoming homeless will benefit greatly from the disposition of S&L foreclosed properties and the provision for reduced interest rates through the FHL Banks cash advance windows. The sale of these foreclosed residential properties for low income housing purposes will help preserve the existing housing stock while providing needed funds through the asset disposition process. The interest rate subsidies provided through the FHL Banks cash advance windows will reinvigorate the special role that thrifts have played since their inception: To provide credit for affordable housing opportunities.

We urge your support in keeping these afforable housing provisions intact.

ON-BUDGET FUNDING

As we all know, a central element of the administrations' plan calls for funding the bailout through the sale of bonds and there by keeping the cost of this debacle off budget. The House Ways and Means Committee voted to add $50 billion in spending to the Federal budget for the thrift overhaul bill and to exempt the spending from counting toward the budget deficit. This vote reflects a growing sentiment in Congress that the bailout should be fully accounted for in the Federal budget. On-budget treatment of the assistance outlays makes it clear that the bailout is a taxpayer obligation.

As a supporter of the Kennedy-Morrison self-financing bailout proposal and the kind of income generating proposals put forward by the congressional Black Caucus, I believe that the financing of this rescue program should be held to the same budgetary standard as programs for the poor, the elderly, and the homeless. From programs for drug prevention to catastrophic health care, the President has insisted that every new expenditure be balanced by an offsetting revenue source. My fellow colleagues you should cast aside the administration's warnings of the financial market gloom which would result from a Gramm-Rudman exemption and give our approval to the Ways and Means Committee's actions. Raising revenues is the solution for finding enough money to finance the S&L bailout and to addressing the growing backlog of unmet needs in education, child care, and environment and other areas of social need.

LIMITATION RTC DEBT

I also urge you to support Chairman GONZALEZ's provision limiting RTC's [Resolution Trust Corporation] ability to issue debt and limiting the total debt at any one time, to the $50 billion requested by the administration. Given the history of such Federal entities to obligate themselves or the Federal Government through the issuance of notes or by undertaking other debt, effective congressional oversight is a prerequisite to granting additional borrowing authority.

PASS THROUGH DEPOSIT INSURANCE OF BIC CONTRACTS

Finally, I am concerned about the provision in H.R. 1278 that eliminates the ability of banks to pass through deposit insurance coverage to BIC

[bank investment contracts] deposits. It is quite clear that such a provision would have an adverse effect on the investment returns of millions of ERISA plan participants in IRS qualified defined contribution programs. It is also quite clear that failure to modify section 1003 of the bill by striking the moratorium on deposit insurance coverage for such pension and profit sharing plans handicaps banks in their competition with insurance companies.

If Congress is concerned about abuses in the area of deposit insurance, it should not go after a segment of the banking business dominated by the soundest banks which willingly pay claim free premiums for insurance that has a marketing advantage to these institutions.

ELIMINATING INCONGRUITY BETWEEN DISTRICT OF COLUMBIA AND FEDERAL BANKING LAW

In addition, I am asking your support of a noncontroversial amendment to eliminate an incongruity which presently exists between provisions of Federal law and the laws of the District of Columbia concerning the appropriate regulator for District banks. Essentially, District law makes the Office of Banking and Financial Institutions [OBFI] the regulator of District banks, with authority comparable to that held by other State banking regulators. However, Federal law, most notably the Federal Deposit Insurance Act, states that the Comptroller of the Currency is the appropriate regulator of District banks.

This amendment attempts to resolve this jurisdictional issue. If such a clarifying amendment is not passed, the function of OBFI could potentially be usurped. It is my hope that you will support this amendment to allow the District to regulate banking activities within its borders on the same terms as any other State.

CONCLUSION

Mr. Chairman, I close by asking each of my colleagues to search your souls and your hearts and vote to meet Secretary of Treasury Brady's stated requirement of "never again."

Never again should we allow a Federal insurance fund that protects depositors to become insolvent.

Never again should we allow insolvent federally insured deposit institutions to remain open and to operate without sufficient private capital at risk;

Never again should we allow risky activities permitted by the States to put the Federal deposit insurance fund in jeopardy.

Never again should we allow fraud committed by financial institutions or depositors to be anything but a serious white collar crime.

Mr. CHAIRMAN. The gentleman from Texas [Mr. GONZALEZ] has 4 minutes remaining, and the gentleman from Ohio [Mr. WYLIE] has 19 minutes remaining.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. SHUMWAY].

Mr. DREIER of California. Mr. Chairman, will the gentleman yield.

Mr. SHUMWAY. I yield to the gentleman from California.

Mr. DREIER of California. Mr. Chairman, I thank my fellow Californian for yielding.

Mr. Chairman, I would simply like to rise and congratulate the chairman and the ranking member of the committee, as well as all the members of the committee who worked on behalf of this bill. I think it is also very important for us to underscore the fact that on February 8 of this year President Bush stood here and asked us to provide this legislation and get it to him within 45 days. I am happy that we are finally doing it.

Mr. Chairman, H.R. 1278, the Financial Institutions Reform, Recovery, and Enforcement Act is probably the most complex and comprehensive piece of financial services legislation since the Banking Act of 1933. While Chairman GONZALEZ and Chairman ANNUNZIO deserve a great deal of credit for moving this legislation forward, I offer special praise for President Bush.

In the face of a mounting financial disaster and daunting political odds, our President constructed a sound and realistic plan to address the savings and loan crisis. H.R. 1278 contains virtually all of the President's recommendations, and I applaud him for the firm and strong leadership he has provided thus far in moving this legislation through Congress.

H.R. 1278 is certainly a difficult pill to swallow, given the $40 billion price tag over the next 10 years. But the legislation is necessary to protect the savings of Americans, restore public confidence in depository institutions, and enhance the stability of the U.S. financial system.

The legislation will discourage excessive risk-taking with taxpayer guaranteed funds, and promote important incentives to attract outside private capital for the thrift industry from banks and other financial firms. Fraud and mismanagement will no longer be tolerated. Penalties will be commensurate with the crimes. Finally, Federal regulators will be given the necessary and long-overdue authority and resources to manage the thrift industry back to good health.

Mr. Chairman, the industry's troubles can be attributed to many factors, including bad management, depressed energy and agriculture markets, lax supervision by industry regulators, negligent and criminal management, and, yes, political negligence on the part of Congress. But the fact remains that as much as $200 billion has simply evaporated from our economy, and the Federal Government has incurred a financial liability that it cannot avoid.

Over the next couple days, we will be considering a number of substantive amendments that could drastically alter the composition of the bill. Some of the amendments are justified, others are not. On February 8, President Bush asked that we pass legislation to his desk for signature within 45 days. As we debate these complex issues, I urge my colleagues to keep in mind that every day we delay adds another $30 million to the cost of resolving the thrift crisis. We need to move quickly to enact this legislation.

Mr. SHUMWAY. Mr. Chairman, I thank the gentleman from Ohio [Mr. WYLIE] for yielding this time to me.

This is a much awaited bill, and many of us are very happy to see it finally reach the floor of the House of Representatives. As the chairman of the committee said in his opening remarks, many of us hope that the Members of this body will give careful attention to this debate because indeed it is a complex bill and it is going to be difficult to understand its thrust, as well as the thrust of some of the amendments that will be offered.

I would like to say at the outset that I particularly appreciate the work of the chairman of the committee as well as that of the chairman of the subcommittee, the gentleman from Illinois [Mr. ANNUNZIO]. Both of them have been very fair and very impartial. They have guided the committee in a very leadership-like way, and many of us appreciate that very, very much.

This bill is not a cure-all, but it does, I think, move us in two very major directions that need to be taken at this time. First is perhaps coming belatedly, but nevertheless it does close the barn door. I think the bill does contain devices and remedies that will heal some of the wrongs of the past and insure that we will not go back and repeat those mistakes.

But second, and maybe even more importantly, this sets the stage to resolve some of those problems in the future, and in that regard I think the funding mechanism in the bill is of great importance. But whatever we do in this legislation, I think all of us, and for that matter the entire industry and the American public, should realize that the success of this bill will depend upon an honest effort by those in the industry and upon responsible action by those in the industry, by those who are regulators, by those who are in a position to oversee, and by those of us in Congress who have some degree of oversight responsibility.

There are many here who do not like the bill, and they have used it as a very convenient vehicle perhaps to kick at the administration or those regulators or representatives of the industry or others that they think may be wrong or perhaps accountable for the problems of the industry today.

I wish that this legislation were not necessary. It really is not a very happy piece of legislation, but I think all of us must realize that we must take this action. The Federal Government is in the role of a guarantor, and to keep

public confidence intact we have to move as we are.

Mr. Chairman, I hope the House as a whole will approve this legislation and do so in a responsive and timely fashion.

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, I rise today in support of H.R. 1278, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

This bill lays a solid foundation for prompt, responsible action to resolve the savings and loan crisis. Most importantly, this legislation will insure that a strong viable thrift industry emerges for the future.

This measure represents a significant improvement over the administration's original proposal while remaining faithful to the goals of reform and merits the strong and overwhelming support of the full House of Representatives.

The Chairman, Mr. GONZALEZ, and the ranking Republican member, Mr. WILEY, of the House Banking Committee, are to be congratulated for the comprehensive nature in which this issue was reviewed beginning in January and continuing through numerous hearings and two markups.

During these markups, the Financial Institutions Subcommittee and the full committee considered over 200 amendments offered by Members who felt they had a better idea. The issues were wide-ranging and the debate was spirited. There were winners and there were losers. In the end, the committee reported a commendable bill and one deserving of support.

For those Members who have not had the time to study this issue in its entirety, let me quickly summarize the problem.

The root causes of the thrift industry crisis were systemic and the consequence of a combination of regional economics, deregulation, lax oversight, and outright fraud on the part of S&L owners. Blame for the crisis can be equally spread around among the industry, the administration in power at the time, the regulatory apparatus and the Congress.

Beginning in the late 1970's and early 1980's, the sharp increase in interest rates raised the cost of funds for thrift industry from roughly 6 percent in 1978 to over 12 percent in the first half of 1981. The laws and regulations on the books at that time limited a traditional thrift portfolio to mostly long-term, fixed-rate residential mortgages. As a result, our S&L's began to see the spread between the average rate of return and the cost of funds turn negative. This in turn began to produce widespread losses and an increase in insolvencies.

Between 1982 and 1984, the number of insolvent thrifts continued to grow as the industry's interest-rate risk problem became an asset quality problem. Then, as we are all aware, we experienced a downturn in U.S. agriculture and energy. This in turn depressed real estate values, particularly, but not exclusively, in the South and Southwest. As loan values plummeted, the crisis worsened. By the mid-1980's, over 120 thrifts were insolvent in Texas alone.

However, let me stress that during this time other events conspired to exacerbate the growing problem.

In 1980, the Congress deregulated interest-rate ceilings on thrift deposits. In 1981, the Federal Home Loan Bank Board permitted thrifts to make, purchase, and participate in adjustable-rate mortgages. In 1982, the Garn-St Germain Act permitted thrifts to offer transaction accounts.

In addition, the industry's regulatory apparatus literally "shot itself in the foot" by failing to increase deposit insurance premiums and thrifts entered riskier business. In addition, the Bank Board reduced capital requirements from 5 percent of liabilities in st1980 to 3 percent by 1982. Regulatory changes allowed thrifts to use less stringent RAP accounting principles rather than the stronger GAAP principles. Finally, supervisory resources during the early 1980's failed to keep pace with thrift growth and risk and the need to actually close insolvent thrifts. While thrifts assets grew by 50 percent, examining and supervision resources grew only 30 percent.

With little or no capital to lose, lax State and Federal regulation and an administration and Congress enamoured with deregulation, risky, "the sky's the limit" attitudes, reigned supreme in many institutions.

But of course, we know all too well the results of these excesses. A large part of the industry went flat and the FSLIC insurance fund went broke and depositors savings are at risk.

That, in essence, sets the stage for us today.

This comprehensive plan consists of much needed regulatory reform. The FDIC will be given the responsibility and the power to try and resolve this crisis. These new responsibilities will include the mandate to close or consolidate some 500 insolvent institutions and to dispose of their assets.

The bill requires higher premiums to help recapitalize the insurance fund and, as a result of an amendment I sponsored, future premiums based on riskiness of investment.

This legislation provides for a revamped home loan bank system which separates the regulatory process from the banking operations of the S&L industry.

The bill requires increased supervision and examination, including annual audits for all institutions over a certain size.

This bill also expands policing and enforcement authority and mandates tougher criminal and civil penalties for those former S&L owners and operators who are apprehended and convicted of fraud and abuse.

Finally, and most importantly, H.R. 1278 requires that all thrifts meet stringent capital standards, including an increasing percentage of tangible capital.

This capital standard is the heart of this thrift rescue effort. We have seen all too well that a large segment of the thrift industry has not been adequately capitalized and as a result has relied exclusively on the Federal insurance fund, and now the American taxpayer, to bail them out when investments go sour.

Secretary Brady testified before our Banking Committee that lower capital standards, loosely enforced, were a major cause of the disaster we now face. He also reiterated the fact that deposit insurance simply will not work without sufficient private capital at risk and up front.

H.R. 1278 provides that over a 5-year period beginning in 1990, thrifts must build their tangible capital base from 1.5 percent of assets to 3 percent. The legislation requires a corresponding decrease in certain intangibles, such as goodwill, over that same period. These capital requirements are the very minimum we should demand from the industry. Additionally, banks must meet a more stringent 6-percent capital standard within the same period.

These capital standards are tough, yet fair and will be effective. Already, two-thirds of the thrifts meet these standards. The remainder will need to work hard to build capital. Those who do will contribute to a safer and sounder industry. Those who fail, will be merged or put out of business. This, too, will contribute to a sounder industry.

Admitting that some profitable, well-managed thrifts will be hard pressed to meet the standards, the committee improved upon the original bill specifying the treatment of any thrift which fails to comply with the standards. I worked cooperatively with Mr. VENTO of Minnesota to assure that thrifts not in compliance would be permitted to continue to operate under a waiver granted by the regulator. Under the Vento-Roukema amendment thrifts will be restricted to the types of growth they can engage in and they will be required to submit a business plan which will outline the ways in which the thrift will attempt to meet the standards.

This approach will allow the regulatory agencies to concentrate on the weakest thrifts which present a threat to the insurance fund while providing the flexibility for stronger thrifts to remain in operation.

This was a concession to those institutions which cannot meet the literal standards. It is fair without being permissive.

H.R. 1278 provides for certainty by setting known standards and establishing deadlines which must be met. This certainly will give all thrifts the time and flexibility to develop rational business plans and to raise needed capital.

The price for all of this will be high. There is no way around this. The Government will issue 50 billion dollars' worth of bonds over the next 10 years to finance the rescue plan. Premiums will be paid by the industry but the bond interest will be shouldered by the Government and eventually by the American taxpayer. The estimate cost to the taxpayer over the next 10 years, and I want to emphasize that this is a soft estimate will be $40 billion.

As we all have seen, this is a tough issue. We have been besieged, lobbied, and pleaded with by the S&L industry and our own thrifts to ease the provisions of this bill. But the time for decision has arrived. I was heartened at the speed at which the President addressed this crisis and I am confident that the Banking Committee reported a fair and workable plan consistent with the President's objective and his pledge of "never again."

□ 1810

Mr. WYLIE. Mr. Chairman, I yield 2½ minutes to the gentleman from Indiana [Mr. HILER].

Mr. HILER. Mr. Chairman, I rise in support of this bill. It is long overdue, not from the standpoint that it is from the time period that the President introduced it this year, but long overdue from the standpoint that we have needed to have a fundamental look at the industry and the FSLIC insuring problem for some time.

However, Mr. Chairman, my support for the bill should not cloud the fact that I think that there are some aspects of the bill in which there will continue to be some difficulties, and I speak to just one of those, and that is the area of capital which will occupy a great deal of debate probably yet this evening and tomorrow.

I support strong capital. I am in favor of strong capital. I think that financial institutions ought to be well capitalized. Those who believe that there needs to be additional flexibility in meeting the capital standards do not believe in loose capital standards. But I think that maybe we take a little bit different view of reality.

There are approximately 450 institutions that are solvent today that do not meet the capital standards in the bill. Those 450 institutions represent almost 45 percent of the assets of solvent thrifts. Under this bill we have the potential of declaring those institutions as unsafe and unsound and putting them under supervisory agreement.

Mr. Chairman, if an institution is declared unsafe and unsound and is put under supervisory agreement, how are they going to raise the needed capital? Capital can only come from three places. It can come from profits, it can come from investment, or one can downsize to make existing capital go further.

On the profit side cost will be going up because of increased premiums, and the dividends from the Federal Home Loan Bank Board system will be going down, so the profits will be more tenuous as opposed to more ample.

In the area of investment, who is going to invest in a thrift that is declared unsafe and unsound or is under supervisory agreement that has its profit picture go down?

The third place is to downsize. Mr. Chairman, if one downsizes, all they can do is sell good assets or bad assets. If one sells bad assets, their capital will be depleted further. If they sell good assets, they are destroying the ability to generate more earnings in the future.

Mr. Chairman, I believe we need to have some increased flexibility for those institutions who were granted supervisory goodwill by the regulators in return for their taking over insolvent thrifts. I am hopeful we can do this in this bill, or yet in conference, but, whether or not we do this in this bill or in conference, I intend to support this bill because to do nothing is worse than having the existing capital standards in the bill.

The bill we take up today is one of the most important items facing the current Congress. Finding solutions to the problems in our savings and loan industry and reforming the deposit insurance system must be one of our top priorities. The FSLIC is losing close to $1 billion per month. This is now money ultimately lost by the American taxpayer and it must be stopped. President Bush has shown great leadership in presenting Congress with a plan to solve the problems of the FSLIC and institute meaningful deposit insurance reform. It is now the duty of Congress to pass this proposal as quickly as possible.

I am an original cosponsor of H.R. 1278 and am highly supportive of the concepts of the President's plan. However, I do have reservations about certain details of the bill we are considering today. While I am fully supportive of the administration's goal to increase capital standards for thrifts and to establish tangible capital requirements, I am concerned that certain inequities may occur in the bill as presently drafted.

Specifically, I refer to the impact of the current plan on those healthy institutions that were urged by the Federal Home Loan Bank Board [FHLBB] in the early 1980's to acquire unhealthy thrifts. These institutions did not receive cash or FSLIC notes from the Government, but rather assistance in the form of "supervisory goodwill," which could be counted on the books as capital. These transactions were accompanied by a plan for the acquiror to gradually phaseout or "write down" the goodwill and to replace it with other forms of capital in order to return the consolidated institution to health. The length of the phaseout varies anywhere from 20 to 40 years. The bill, however, would interrupt the phaseout in midstream, leaving the institutions with only a 4-year period in which to attract other forms of capital.

As a result, many of these institutions will be labeled unsafe and unsound, be placed under a supervisory arrangement and have their growth controlled. Once growth is restricted, it will be extremely difficult for institutions saddled with supervisory goodwill to raise capital in the public markets especially when they will have to comply with the bill's other provisions, such as: increased deposit insurance premiums and reductions in dividends from the 12 district banks of the Federal Home Loan Bank system.

For the institutions with substantial supervisory goodwill, the bill radically changes the terms of previously negotiated transactions, leaving no transition period for worthy institutions. The bill provides no flexibility for the regulator to consider progress by these institutions in attracting capital, the rapid write-down of intangible assets, including goodwill, and other improvements in the financial position and management of the institution. While adequate capital is fundamental to the health of the deposit insurance system, other measures of an institution's viability should also be considered such an adequate management and profit ability.

Treasury officials make the argument that the effect of deducting goodwill from capital will be to merely make an institution shrink. However, I would like to point out that the FDIC has in the past followed a policy of discouraging shrinkage at troubled financial institutions. The FDIC Manual of Examination Policies, the "bible" of FDIC field examiners, states:

In some instances, bank management will respond to supervisory authorities' concern over the level of the bank's capitalization by attempting to reduce the institution's total resources. Sometimes this intentional shrinkage of assets will be accomplished by disposing of short-term marketable assets and allowing volatile liabilities to run off. This reduction obviously does result in a relatively higher capital-to-assets ratio, but it may also leave the bank in a much more strained liquidity posture. It is, therefore, a strategy that can have adverse consequences from a safety and soundness perspective, and examiners should be alert to this possibility in banks which are experiencing capital adequacy problems.

Thus, the FDIC has indicated that shrinkage to meet capital standards may be an unsafe and unsound practice. This raises questions as to the mandatory nature of the bill's growth restrictions that would force such shrinkage. I believe that the regulators should be given flexibility to deal with individual institutions on a case-by-case basis. We give broad discretionary authority to the regulator under title IX of this bill to impose growth restrictions on institutions where appropriate and with adequate due process. I prefer utilizing this discretionary authority rather than the mandatory

sanctions for capital deficiencies currently contained in the bill.

I would note that during committee debate the FDIC provided proposals for the capital standards that excluded these mandatory growth restrictions. Although I support strong capital standards, I do not believe it necessary to create sanctions harsher than those suggested by the regulators for a failure to meet these standards.

Because the Banking Committee has chosen to impose the draconian sanctions for capital deficiencies contained in section 314 of the bill, I believe it is even more important that individual institutions be given adequate due process before having such sanctions imposed. Institutions with supervisory goodwill on their books relied upon the word of the Government through its agent the Federal Home Loan Bank Board that supervisory goodwill would be counted as regulatory capital. I believe that it is grossly inequitable, if not unconstitutional, to change the deal on these institutions without so much as a hearing. I will strongly support an amendment offered by Congressman HYDE that provides an administrative hearing to savings institutions who will be losing the value of supervisory goodwill granted to them by the Government. This amendment does nothing to the actual capital standards under section 314, but merely provides a forum for affected institutions to make their case. This seems to be the least that fundamental fairness would dictate.

Additionally, I believe significant problems exist in two other areas of the bill as it is being considered. First, I oppose the Ways and Means Committee amendment to place the plan "on budget." The administration has devised a creative and well thought out financing plan. It preserves the discipline of the Gramm-Rudman-Hollings budget process. I fear that placing the program "on budget" with a Gramm-Rudman exemption will cause a series of other issues to be treated as cases for such a Gramm-Rudman exemption. This will destroy any fiscal restraint that has occured over Congress through the Gramm-Rudman legislation and work to significantly increase budget deficits. I believe that the Treasury has formulated an innovative approach to preserve fiscal discipline and I encourage Members to support it.

Lastly, I am concerned with the provisions of the bill advanced by Chairman GONZALEZ that establish an expensive housing program funded by the Federal home loan banks. I am a strong supporter of new and creative mechanisms to provide affordable housing. In fact, I look forward to working on a housing bill with Chairman GONZALEZ later in this Congress. However, I believe that using the S&L bill as a vehicle to fund a housing program is highly inappropriate. The Gonzalez program would further cut Federal home loan bank dividends at a time when the industry needs these moneys to meet the stiff capital requirements of title III. Through this housing program, Congress will be taking money away from a capital starved industry and drive up the expense of this legislation to the American taxpayer. The Gonzalez housing program is inappropriate to this legislation and I strongly support the amendment to be offered by Congressmen BARTLETT and BARNARD to delete the provision.

Again, I strongly support the concepts of the Bush administration contained in this bill. I urge my colleagues to move expeditiously on this matter so that we can stem the losses to the FSLIC and protect depositors as well as the taxpayer. I am distressed that it has taken this long to get H.R. 1278 to the House floor and I am hopeful that we can send this legislation to the President shortly.

Thank you.

Mr. WYLIE. Mr. Chairman, I yield 2½ minutes to the gentleman from Pennsylvania [Mr. RIDGE].

Mr. RIDGE. Mr. Chairman, today this Chamber is considering the most important legislation concerning our financial system since Congress created this Nation's financial safety net with the Federal Reserve Act of 1913 and the Banking Act of 1933. It is a good, solid piece of legislation that deals not only with the current crisis, but will do much to prevent a recurrence of this nightmare.

Heaps of praise are due, first of all, to President Bush. On his seventh day in office, he stepped foward with a bold and comprehensive proposal that is largely intact within the bill before the House today. Congratulations are also due to Chairman GONZALEZ, Subcommittee Chairman ANNUNZIO, and Mr. WYLIE, the ranking member and their staffs. As a member of the subcommittee and the committee that produced this bill, I can attest not only to their dedication but to the fair and open nature in which debate over this measure took place.

The most lasting and most important parts of this legislation deal with the "never again" provisions that are designed to ensure that the American taxpayer will never again have to pay to restore the integrity of the Federal Deposit Insurance System. Most notably, I am pleased that we have: First, separated the thrift insurer from the thrift chartering agency; second, given the insurer, now the FDIC, adequate authority to quickly terminate insurance for unsafe and unsound practices; third, required the phase-in of tough, tangible risk-based capital standards as will be applied to national banks; fourth, provide enhanced regulatory and insurer authority such as restrictions on direct investment and risky activities by State-chartered institutions; fifth, enhanced powers for the Justice Department to seek civil penalties, up to $1,000,000 for willful violations, expanded criminal penalties plus an additional $65 million for the Attorney General to prosecute crimes by thrift and bank executives.

In terms of resolving the current crisis, the bill is little changed from the original Bush proposal. It rightfully calls for the pain or cost to be shared by all who benefit from deposit insurance—the thrifts, the banks, and the taxpayer. Unfortunately, the taxpayer will pay most of the bill. If it could be any other way, many of my colleagues would join me in making a proposal. However, a balance had to be reached. A balance that ensures that the industry paid all that is possible while not exacerbating the cost by pushing more institutions into insolvency. Before taxpayer funds are used, the industry will pay. The FHLBS district banks will contribute $3 billion in retained earnings, and $300 million in annual earnings. Under this bill, the district banks will be essentially taxed for an additional $650 million to finance an affordable housing program. In my view, this kind of social engineering should be avoided on this urgent financial services restructuring legislation and will only further burden a system that has done the most to make affordable mortgages available to millions of Americans. We expect to consider housing legislation later in the year and housing proposals should be considered in that context. The industry will also contribute. Insurance premiums will reach a record 23 basis points for thrifts and will nearly double to 15 basis points for banks. It should be pointed out that the banks did not create this crisis but will pay to restore confidence in our deposit insurance system. With the passage of this bill, the treatment of thrifts and banks will become very similar and with that, we should consider the eventual, not immediate, need to have parity in premiums.

With the funds provided by the industry and the taxpayers, the President's proposal calls for the creation of a Resolution Trust Corporation [RTC] to: First, resolve current and expected insolvent savings and loan problems; and second, dispose of assets, quickly and prudently. The bill we are considering does meet those objectives. The Banking Committee did, however, add a much-needed amendment to provide adequate guidance to the RTC to dispose of property on an orderly basis. It will require the RTC to take into consideration local economies and to use private resources to determine how best to dispose of property. Congress should resist any further efforts, in my view, to micromanage this massive undertaking. Flexibility is vital and, in that regard, I believe that the RTC oversight board should defer to guidelines already issued by bank and thrift regulators on the disposition of assets.

There are several other actions taken by the Banking Committee which I feel compelled to defend:

First, the Banking Committee resisted efforts to burden this bill with unnecessary consumer legislation. All of the consumer amendments were directed at real problems but, without

adequate hearings and investigation, were precipitous.

Second, the committee expanded the scope of the Federal deposit insurance study so that credit unions would be studied, assessments on foreign deposits would be studied and so that alternative means of deposit insurance would be considered.

Third, Freddie Mac would be restructured into a corporation much like Fannie Mae with an 18-member board, HUD supervision and limitations on the aggregate amount of unsecured obligations outstanding.

Fourth, the committee added a new title establishing a system requiring the use of certified or licensed real estate appraisers.

Fifth, the committee adopted an amendment permitting bank holding companies to purchase healthy, as well as unhealthy, thrifts upon enactment of this legislation.

I remain concerned that this legislation contains very few incentives for acquiring thrifts. If recent acquisitions at the behest of Federal regulators are any lesson, there is little attraction to these acquisitions without considerable cash or relief from the Federal Government. Because I prefer incentives to attract new capital rather than taxpayer cash, I did not support an amendment that would subject the limitations of the Bank Holding Company Act, including cross marketing restrictions, on thrifts acquired by bank holding companies. While I have opposed tying services and products and I am very displeased that certain diversified financial services companies are not affected by the Bank Holding Company Act restrictions, I am more inclined to support a strategy that would lift cross marketing restrictions on banks than a strategy designed to restrict cross marketing by all others. In my view, tying should be restricted but the consumer should reap the benefit of cross marketing.

Finally, the most controversial decision that will be made by the House concerns capital requirements and the treatment of goodwill acquired in supervisory transactions. I support tough, tangible capital requirements. It is the only economic cushion that will enable the Federal insurer to takeover an institution before insolvency. Because substantial amounts of their own investment is on the line, institutions will be less inclined to gamble with depositor funds. The capital requirements for thrifts should, in a reasonable span of time, be the same as those applied to national banks. I was very pleased that the Financial Institutions Subcommittee adopted virtually the same risk-based standards as proposed for national banks by the Office of the Comptroller of the Currency. We also adopted a tough core capital requirement that will phase out the use of intangibles in 5 years. However, my colleagues should be aware that there is a great deal of inequity in the manner in which this goal will be reached.

As approved by the committee, this bill would punish the institutions and the regions who stepped up to take care of their own problems in the early 1980's while rewarding recent acquirors and regions that were bailed out by the Federal Government in the past 2 years. The early deals, many in the Northeast and Midwest and most resulting from interest rate problems, were the product of Federal regulators seducing healthy institutions into acquiring unhealthy, negative net worth, institutions with the promise that they could continue to meet their capital requirements with goodwill.

With this arrangement, the institutions agreed to amortize the goodwill over a period of time ranging from 10 to 40 years. In this debate, there has been considerable confusion over what amortizations means. Amortization means liquidation. The goodwill must be replaced by net income from business operations or some form of capital for the company to maintain its net worth. Many of these institutions which have been amortizing their goodwill, continue to raise capital and are profitable.

In my view, the Government cannot and should not simply abrogate its contract with these institutions. They deserve to be given a hearing for the regulator to review the merits on a case-by-case basis. No general grandfather of goodwill is necessary or even desirable. A general grandfather may allow some institutions that are not viable to continue and for specific problems to worsen. Just as the Congress should not use a broad stroke to punish all institutions, not all institutions should be free to continue regardless of viability. The Congress cannot do the sorting out and the Congress can not approve business plans for the viable institutions. The job of sorting out the merits of each case and the remedy should be left to the regulator. That is why I offered an amendment that would enable the regulator flexibility with regard to supervisory goodwill on a case-by-case basis in committee. That is why I will support the amendment offered by my distinguished colleague, Mr. HYDE and oppose all other amendments concerning the capital requirements and the treatment of intangibles expected later in debate.

Whatever the House decides, it is important that the process moves forward. The cost escalates by $25 million or more with each day of delay and Congress is months behind the deadline proposed for the bill to be presented to President Bush. The Banking Committee reported this bill by a 49-to-2 vote. The House should give a similar boost to H.R. 1278 by the end of this week.

Mr. WYLIE. Mr. Chairman, I yield 2½ minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I rise today with many of my colleagues on the Banking Committee, including the distinguished chairman, Mr. GONZALEZ and ranking minority member, Mr. WYLIE, to urge this House to make up for its mistakes of the past by resisting efforts to reduce the responsibility individual thrifts have to the depositors of America.

It is of the utmost importance that we keep this emergency legislation—to bail out the depositors of failed S&L's and to reform the industry—intact.

Two years ago this Congress and the administration missed an opportunity to deal adequately with the troubles which were already on the horizon for the thrift industry. Now, the Bush administration and the Banking Committee have come to grips with this crisis by drafting a bill which adopts sweeping reforms in a manner that is both tough and fair.

I cannot stress enough the importance of supporting the well thought out requirements in this bill to protect the depositors from any recurrence of this heinous mess. The President has taken a tough, swift, and responsible step to place this episode behind us.

There can be no doubt that in the aftermath of this crisis, the landscape of the thrift industry will—and should be—different. This bill will cause many thrift operators to go into their board rooms and make decisions. They are decisions which must be made—indeed that should have been made long ago.

We are going to make changes in the thrift industry. Changes to promote more prudent behavior for those who would act inprudently with depositors money. H.R. 1278 will also guide well managed, honest thrifts—the vast majority of the industry—to shore-up their capital position to ensure they remain healthy, valuable members of the community and ensure the Federal Deposit Insurance Fund stays intact.

Just as the cost to right this problem grew 2 years ago from $30 billion to now somewhere in the neighborhood of $150 billion—a failure a second time to take this opportunity to responsibly address the structural deficiencies existing in the industry will surely cause the cost to be astronomical and confidence in our entire financial system to be further endangered.

We have already seen record silent runs, as some call them, on the S&L industry deposit base to the tune of $3.4 billion in the first quarter of this year. These are not silent runs—but the loud sound of a lack in public confidence in the thrift industry. We

must adopt the standards in this bill to resore public faith.

If not, we will fall short of our duty to protect the taxpayers from further cost of the resolution of this mess. As we all know by now, asking the depositors to pay the lion's share of this $150 billion bail-out is regrettably unavoidable at this point. But make no mistake, asking them to do it again will be unforgivable.

I know that many members have been contacted by scores of their local thrift leaders with predictions that the capital standards in this bill will result in destruction of their institutions. You have been told that deal made between relatively healthy thrifts and Federal regulators to take over sick thrifts in return for an accounting allotment of fabricated capital known as "goodwill" should be allowed to stand or be considered in an institution's capital makeup. That the capital provisions in this bill are unfair as they do not allow the deal to stand and institutions to count this accounting fiction as real money.

I do not subscribe to these arguments and neither should my colleagues. These deals were a misguided effort to solve a large problem without committing the resources or money to do it. It was a way to avoid a problem instead of making the tough choices. In short goodwill agreements were a mistake and as the saying goes; "Two wrongs don't make a right."

If we are serious about preventing this crisis from reoccurring we cannot allow a bill to clear this Congress that permits goodwill to count as capital for 10, 15, or 20 years.

The deals a real argument forwarded by the thrift industry does get my sympathy but I cannot in good faith give it my support. The Banking Committee, after 4 full days of exhaustive, in-depth consideration, approved compromise capital standards that are both tough and fair. As has been stated already, these capital standards are the heart of this bill and will be the best insurance policy that thrifts all across the country will be well managed.

As has also been mentioned, the bill was drafted with transition language to enable those undercapitalized but well managed thrifts to operate and build capital even though they do not meet the new capital standards for the industry. Under these provisions, thrifts must develop a business plan which outlines how they intend to come into compliance with the bill's requirements.

There has been criticism that these transition rules are too stringent. That there needs to be a better way to distinguish between a true dog S&L and one that is well managed but does not come into compliance after discounting goodwill as capital. While I can appreciate reputable institutions desire to avoid the stigma of being out of compliance, I must stress that it was the Banking Committee's responsibility to draft—and this Congress' responsibility to pass—a law that balances an orderly transition for these thrifts while not exposing the taxpayer to further risk.

As many of my colleagues have said, what it all comes down to is whether this Congress legislates for the depositor and the taxpayer, or whether it again shirks this duty and puts off the tough choices for another day.

I urge my colleagues to sustain the Banking Committee's bill, and particularly the capital provisions.

□ 1820

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Chairman, I thank my friend, the gentleman from Ohio, for yielding this time.

I want to congratulate the chairman of our committee, the gentleman from Texas [Mr. GONZALEZ], and our ranking member, the gentleman from Ohio [Mr. WYLIE] and all the members of the Banking Committee for the job they did on this legislation.

This, in my opinion, is going to be the most important bill that we address in the 101st Congress. We have to make sure that the legislation, when it leaves this House, is going to address the problems that have to be addressed.

We all know that a short while ago it was a $10 billion problem, then a $50 billion problem and then $100 billion. Now it is a $157 billion problem and growing.

On February 6, the President asked that we address this legislation and send it to him within 45 days. Now, 127 days later, we are still working on this legislation. Time is of the essence. We must address it now.

I would ask all the Members of the House when you look at this legislation to keep three things in mind:

First, we must raise enough money to solve this problem. We must not come back again and try to fix what we are doing here today.

Second, we must make sure that this does not happen again. That means that we have to have capital standards that are sufficient, because if we do not, this bill will be only an expensive bailout and we cannot allow that.

We have to provide these savings and loans with an incentive to clean up their own house and keep it clean. That means they have to meet capital standards, even though in this legislation it is only 3 percent by 1994. That is 5 years. That is pretty weak. So to ask for that is not asking a great deal.

In my home State, the thrifts average 6.7 percent capital. That is why we have not had these problems.

I know our chairman, coming from where he does, is in a tough position, but I want him to know that we all appreciate him and every Member of this body who makes a tough decision, because a tough decision today means we do not have to face worse decisions later on.

We are confronted with a mounting crisis in our thrift industry which threatens our financial system, the Federal budget, and our economy.

Not only is this the most critical domestic issue facing our country, but the impact of this massive and complex bill will be felt for decades.

In every great debate such as this, a single key issue emerges which brings into sharp focus the arguments on both sides and crystallizes the many questions at hand.

The key issue before this House is not how much this rescue will cost, or how it will be framed. These are important decisions, but not the central question.

The key issue is whether we make the reforms necessary to prevent this from happening again.

In this bill, we are committing the American taxpayer and those financial institutions which have been well run to paying at least $157 billion toward protecting the deposits of millions of American families, whose trust in a minority of savings institutions was betrayed.

But this massive expenditure will be nothing more than the most expensive bandaid in history, unless we insist that all federally-insured institutions maintain a minimum level of capital as a first line of defense against loss. In each institution, this capital must be real assets which are readily available to protect depositors and the American taxpayers who are the real insurers of our financial system.

The 3-percent capital standard—which we in the House Banking Committee won after a hard-fought battle—is a minimum requirement, that is already exceeded by thrifts in 19 States. In Wisconsin, our 72 thrifts have an average 6-percent capital reserve. This is why we have not experienced the problems of other regions, and this is why our Wisconsin thrifts have endorsed a higher capital standard for the rest of the country.

The course we choose in this legislation also will have a telling impact on how we handle the financial crises just emerging over the horizon. How many of my colleagues realize that the Farmers Home Administration faces a $36 billion loss? Or that the Federal Housing Administration is suffering record defaults in its $283 billion portfolio? Or that losses are mounting in the VA, REA, student loan, SBA, and Eximbank guarantee programs. Each of these funds is guaranteed by the American taxpayer, and each will require congressional action over the next several years. The course we take in this bill today will set the precedent for future action.

Yet, in the face of this evidence, there are some in this House who are supporting cleverly worded and outwardly innocuous amendments to the capital standard. The real impact of these amendments is to pull apart the most crucial reform in the bill.

The votes on these amendments will test the character of this House, and will present a clear choice between the American taxpayer and the minority of fast-buck financial gunslingers who infiltrated some of our savings and loans and are running them into the ground under the benevolent protection of the deposit insurance system.

These financial pirates and their well-financed lobbyists are trying to pull off the perfect legislative crime: loot our savings and loans, stick the taxpayer with the bill and continue to gamble with the depositors' money, all with a Federal guarantee.

In making this choice, it is clear where our responsibility—our duty—lies. We must choose the taxpayer over those who have caused this problem.

We must make this bill a reform, not a sellout.

Mr. WYLIE. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH of Iowa. Mr. Chairman, the time has come for Congress to cease mincing words about thrift problems. The dilemma we are confronted with is of our own making. Too loose laws have led to too loose regulation which in turn has led to too loose banking practices. The overleveraging of other people's money by high-flying thrifts has put taxpayers on the line for billions of dollars of liabilities developed outside the normal budgetary process.

Let there be no doubt: The enemy is us. Multibillion dollar obligations have been precipitated by politics as usual in this body and made larger by regulators preferring to buy time rather than spread ill winds through an industry strewn with ill will.

The statistics speak for themselves. A $1.3 trillion industry has a negligible capital base, negligible insurance fund, and negligible disincentive to take risks with taxpayer dollars. If 1988 and the first quarter of 1989 are a guide, the industry is losing money at a $12 to $15 billion annual clip. The weak are getting weaker, with Congress facing the prospect of the largest private sector bailout in the history of the Republic.

Commentators like to suggest that regional problems—that is, a weak economy in the oil patch and on the farm—precipitated the savings and loan problem. Actually, there are more human culprits than abstract rationales. The root cause of the thrift problem is the regulator-sanctioned capacity of high flyers to attract and overleverage other people's money because of receipt of Federal or State charters to take deposits backed by Federal insurance.

The quid pro quo—prudential investment and lending practices—has been ignored by a significant element of the industry because regulators followed the pandering exhortations of legislators at both the State and Federal level who have given too much power to too few to exercise too wantonly.

Compounding the problem of weak regulation and a weak capital base in the industry is the epidemic of greed that seems to exist within a number of overextended institutions in growth States. Thrift managers who are in a negative net worth situation understand that they have nothing to lose as they pay premiums to attract deposits insured by others. Hence, there is every incentive—through dividends, salaries, and perks—to live high on the hog today and make risk investments in the hope of striking gold tomorrow. Without stern regulatory oversight of the barely solvent, imprudent circumstances are likely to breed more imprudent decisions.

The quandary regulators confront is the problem of how to rein in overextended institutions when their primary resources is an overextended insurance fund. Ingeniously, the short-term answer provided last year was a government-backed Ponzi scheme: the issuance of long-term capital notes on a fund backed, in theory, by the Treasury. The undeniable effect of such note issuances is taxpayer accountability for the printing press of an independent regulatory agency.

Mr. Chairman, the Bank Board's yearend rush to allow acquirors of troubled thrifts to take multibillion-dollar tax writeoffs represented a backdoor raid on the U.S. Treasury of unprecedented proportions. Bank Board deals which privatized profit, while socializing risk, amounted to nothing less than a societal decision to allow those with potentially large tax liabilities—that is, the rich—to get richer.

The Bank Board gave new meaning to risk-free capitalism and a new twist to the constitutional framework of our government. Not only did the Board usurp the spending powers of Congress by making the taxpayer liable for its issuance of notes and guarantees far in excess of the industry's capacity to pay; it usurped as well Congress' taxing authority by rushing deals which called for relatively small infusions of capital while allowing massive tax avoidance.

A system designed to help the little guy buy a family home has turned into an investment piranha where the big get bigger while prudently run savings institutions and commercial banks, as well as the taxpayer, are asked to foot the bill. The case for prudent regulation and systemic reform of the Federal Home Loan Bank System has never been more compelling.

Regulators and this Congress must learn just to say "no." Otherwise, a $100 billion headache today could become a $300 billion migraine tomorrow.

Mr. GONZALEZ. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, today, the House of Representatives will deliberate and vote on the largest private sector financial aid package in the history of this country. It has been estimated that each person per each household will be asked to pay upward of $1,000 to pay for this insolvency.

Mr. Chairman, before I dwell on the savings and loan fiscal crisis and its origins, I would like to give the full House an interesting fact and to set the tone regarding this legislation. In 1983, an institution, which shall remain nameless, had been a mere $11 million in size. In the next 18 months, the institution had grown to $800 million. During liquidation proceedings last year, the Bank Board was stunned. Its $1.3 billion in assets were less than 40 cents on the dollar with the total cost to the FSLIC at $800 million. Therefore, a company worth $11 million in assets lost $800 million which is a kill ratio of 1,600 to 1.

Mr. Chairman, in 1983, the entire budget for examination and supervision at the Bank Board and the district banks combined was just $37 million, or roughly $40,000 in salary and support costs for each of the 1,380 full-time personnel engaged in supervision. This loss at this one institution was 14 times the national budget for supervision and enforcement.

SAVINGS AND LOAN INDUSTRY: WHAT HAPPENED

Mr. Chairman, the origins of the thrift crisis can be traced in large part to the inflationary era of the late 1970's and early 1980's, coupled with loosely held Government regulations. During this period, interest rates rose dramatically. At the same time, the Government lifted the rates that thrifts could pay, causing depositors to shift their money market funds and other investment vehicles in search of higher returns. In addition, the higher rates led to a sharp depreciation in the value of assets in thrifts.

During these inflationary times, the regulatory foothold on the S&L industry was loosened. Thrifts were given more leeway and flexibility in determining the interest rates they could pay and the type of investments they could make. Unfortunately, as thrifts took advantage of its increased operating flexibility, severe economic hardship was inflicted on the Southwest by a collapse of petroleum prices. Land and shopping center projects that appeared lucrative all but crumbled due to the fall of oil prices.

ESTIMATING THE GOVERNMENT'S CURRENT LIABILITY

Mr. Chairman, currently there are a number of existing estimates of the true cost of the thrift crisis. Estimates of the costs of resolving this fiscal crisis are just that—estimates, based on differing methodologies and assumptions about future financial conditions as well as the length of time of which actions are taken. For the period 1989 through 1999, the administration estimates that a total of $198 billion will be needed to pay FSLIC's bills and restore the thrift deposit insurance system to financial health. Contrary to that estimate, the Congressional Budget Office estimates that the total cost over 10 years will total $203 bil-

lion. One thing is for sure however, the longer Congress delays in enacting this legislation, the more costly to our constituents and all the taxpayers across America. In a fundamental sense Mr. Chairman, the entire thrift crisis is a cost of delay. Some estimates have the thrift crisis costing this country $40 million per day and approximately $1 billion per month. Whatever the final estimates, they are "shamelessly" high.

Mr. Chairman, the legislation before us involved many hours of deliberation and hundreds of amendments. I must state for the record that there is much confusion over the funding issue and who actually receives this money. This legislation does not and will not bail out the thrifts, their stockholders, or management. This massive expenditure will be used to pay off those depositors, some of whom had their life savings in these institutions.

Mr. Chairman, I believe that the proposal initiated by the Banking Committee will go a long way in making certain this financial catastrophe never occurs again. I commend the distinguished gentlemen, Chairman ANNUNZIO and Chairman GONZALEZ for all their hard work and more importantly their leadership.

IMPORTANCE OF THE S&L INDUSTRY

Mr. Chairman, despite the massive injection of Federal funds to resolve this fiscal crisis, I believe these reforms save an important industry. Despite the negative publicity surrounding the thrift industry, a majority of thrifts are operating profitably and are run well.

I remind my colleagues, savings and loans are the only federally insured depository institutions created to take deposits for the primary purpose of making home mortgage loans. For those who believe strongly in a national housing policy, a separate industry that holds deposits specifically for home lending is imperative. The problems in the industry were a long time in developing. It is now time to act comprehensively to resolve them by stabilizing the insurance fund and implementing these tough reforms. With these tough reforms, we will ensure that strong financial institutions exist to encourage savings and promote home ownership. In addition, the qualified thrift lender test introduced by Chairman ANNUNZIO within the Banking Committee markup, will further strengthen the savings and loan industry's commitment to housing.

Mr. Chairman, the Congress has deliberated long enough on this omnibus legislation. There is not one member on the Banking Committee who did not face a difficult vote. However, with this legislation we can assure the American public that regulation of the savings and loan industry has been strengthened from top to bottom.

Mr. GONZALEZ. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL of North Carolina. Mr. Chairman, in the very limited time, let me say that for 50 years, for more than 50 years, we have told the American people that their deposits at banks, savings and loans and credit unions, are safe. We must honor that commitment. On a practical level, if we were not to honor that commitment, we would see a run on the banks like we had not seen since the 1930's.

Mr. Chairman, most often when we hear people talk about this bill, we hear it discussed as a bailout for savings and loans; but Mr. Chairman, this is not a bailout for owners or managers, stockholders, bondholders of savings and loans. This is the fulfillment of a commitment made to depositors, your neighbors, my neighbors.

Let me just make two points. No matter what else you say about the problem, the high inflation of the late seventies, the downturn in the economy, high fliers, bad managers or crooks, two things are clear. If we had had adequate private capital in this industry and adequate regulation, this problem would not have happened.

Our bill recognizes that and makes sure that there is adequate private capital and adequate regulation. They are at the heart of our bill and I commend our bill to our colleagues.

□ 1830

Mr. GONZALEZ. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I rise today in support of H.R. 1278, the Financial Institutions Reform, Recovery and Enforcement Act of 1989, urgently needed legislation to fulfill our Federal commitment to protect depositors at our Nation's financial institutions.

Originally introduced at the request of President Bush, H.R. 1278 is an important first step toward restoring the fiscal integrity of the savings and loan insurance fund. I commend him for his efforts and his willingness to face up to a problem his predecessor was unwilling to face and whose attitude toward lax regulation of the thrift industry could best be described as "Don't Worry, Be Happy."

The President's bill would create a Resolution Trust Corporation [RTC] and provide it with funds to merge or liquidate insolvent savings and loan associations and thus to guarantee the safety of insured deposits. To capitalize the RTC, $50 billion in bonds would be issued, with the principal on these bonds being paid with funds raised from the savings and loan industry. The current interest on these bonds would be paid by funds from both industry and Treasury. The S&L's would be charged considerably higher assessments, but the magnitude of the problem, unfortunately, necessitates Treasury outlays also. Banks would also see increased assessments, but these funds would be used only to capitalize the FDIC fund.

None of this money will go to bail out the managers, owners, and investors of failed savings and loan associations. If these people have engaged in criminal behavior, they should be prosecuted and put into jail and the bill provides increased penalties and more money for the Justice Department to pursue and investigate financial institution crime. In this regard, I will support Chairman ANNUNZIO's amendment to restore a stiff $1 million civil money penalty for violations of certain criminal statutes. It is critical that we take a tough stand against those criminals who have hurt every law-abiding, tax-paying citizen in this country.

H.R. 1278 would also make several regulatory changes. It would give the Federal Deposit Insurance Corporation [FDIC] administrative jurisdiction over the savings and loan insurance fund, though the bank and S&L insurance funds would be kept financially separate. The bill would also increase the administrative enforcement authority of the Federal regulators. I was an early cosponsor in the House of these enhanced enforcement provisions and it is a critical step for giving the regulators the tools necessary to discover and combat savings and loan fraud and abuse.

With these increased responsibilities for the FDIC, I felt it was critical to ensure the political independence of the FDIC Board. Therefore, PETER HOAGLAND and I offered an amendment to the proposed structure of the FDIC Board. Under the Bush proposal, the President was authorized from time to time to designate the Chairman and Vice Chairman of the Board from among the three appointed members. This provision, along with the fact that two of the other Board members would be under Treasury, the Comptroller and the Bank Board Chairman, meant that the FDIC could be subject to undue control from the administration.

Under the amendment, the Chairman and Vice Chairman would be appointed by the President, with the advice and consent of the Senate, for a fixed 4-year term. This would give critical independence to the insurer, but at the same time, maintain executive and legislative oversight over the positions of the Chairman and Vice Chairman. This amendment was adopted by the Financial Institutions Subcommittee and should serve to maintain the political independence of the FDIC Board.

The bill will also move the savings and loan industry over time to capital standards materially equivalent to national banks. The S&L regulators during the 1980's permitted a number of questionable transactions, mainly by allowing the inclusion of supervisory goodwill and deferred loan losses to be counted as capital for savings and loan institutions.

The Bush proposal resolved this problem by phasing goodwill out as a component of capital over a period of 10 years and not allowing deferred loan losses to be counted as capital at

all. Members of the House Banking Committee became concerned that the Bush proposal could allow institutions with large amounts of goodwill to continue to operate without any tangible capital for a number of years. This was clearly something most people, including the administration, did not want, and the administration worked with members of the committee to require a minimum tangible capital standard regardless of the amount of goodwill an institution had on its books.

Therefore, as part of meeting a risk-based capital standard, institutions by 1990 will have to meet a 3-percent core capital standard which is at least 50 percent tangible capital. This was further refined by the full committee to require that by the end of 1994, the 3-percent core must be all tangible. This was 5 years ahead of the administration's proposal timetable, which would have allowed goodwill to be counted for 10 years, and the administration endorsed this change.

I believe these changes are important ones. As we all know, tangible capital provides a buffer for both the insurance fund and the taxpayer. To not have a tough requirement would have been an abrogation of the committee's responsibility to the taxpayers of this country. We simply cannot allow these problems to recur. If these standards are substantially weakened during floor consideration of H.R. 1278, I will vote against the bill on final passage.

The proposed structure of the RTC was also of great concern to me. The RTC is taking on an unprecedented task of resolving insolvent thrifts and disposing of the property held by thrifts. The Bush proposal was practically devoid of the safeguards necessary to protect taxpayers from poor management and fraud by people involved with the RTC. I worked with FRANK ANNUNZIO and CHALMERS WYLIE to ensure that the RTC adequately disclose the terms and conditions of the RTC deals to merge or liquidate insolvent thrifts. We need this type of information if we are to avoid the RTC repeating the December 1988 deals of the Federal Home Loan Bank Board, which FDIC Chairman Bill Seidman has referred to as "Buy a Toaster, Get a Thrift."

I will also support the amendment offered by Chairman GONZALEZ to limit the obligations of the RTC. PETER HOAGLAND and I offered an amendment in the House Banking Committee to place a similiar limit on the FDIC. This amendment will stop the FDIC from implicitly obligating taxpayer funds like the Bank Board did in 1988. If we do not place such a limit on the RTC, we will have failed to ensure that the problems of the S&L industry never occur again. The administration has promised us that this bill will give them the resources necessary to resolve the current problems and we should hold them to that promise.

The RTC is still of great concern to me and it is critical that the administration do all they can to maintain tight control over this entity. The administration's proposal will have failed if the RTC even begins to resemble the Federal Asset Disposition Agency [FADA], whose history was marked by inflated salaries, charges of conflict of interest, and basic ineffectiveness in dealing with asset liquidation.

The Banking Committee also took a few, modest steps in addressing the housing affordability crisis facing our country and reaffirming the thrift industry's commitment to housing. Our committees accepted an amendment to require the thrift industry to finance reduced-rate mortgages for low- and moderate-income people. It does this by requiring the Federal Home Loan Bank System to set aside funds for this purpose. The committee also accepted an amendment to ensure that a percentage of the property held by the Federal Government, because of the liquidation of failing thrifts, be made available, on a right of first refusal, to public and nonprofit housing agencies and corporations providing low- and moderate-income housing. I urge my colleagues to vote against any amendment to strike these provisions.

In general, I believe the President developed a very credible proposal which was improved by the House Banking Committee's consideration of this legislation. It is imperative that the full House maintain tough capital standards, place further restrictions on the RTC's ability to obligate taxpayer funds, and reaffirm the thrift industry's commitment to housing for low- and moderate-income people. If we do this, I believe we will have taken a very important step in restoring the solvency of the savings and loan insurance fund and the confidence of the American people in it, and ensuring that these problems never occur again.

Mr. GONZALEZ. Mr. Chairman, I yield 1 minute to a distinguished member of the committee, the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Chairman, I rise in support of H.R. 1278, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. This legislation is needed to restore the health of our savings and loan industry and the confidence of the American people in that important segment of our financial community.

The S&L industry has played an important role in our society by making the dream of home ownership a reality for millions of Americans. I believe that industry can and should continue to be a productive part of our economy. That role can only be fulfilled with major reforms and substantive changes in the law and regulator policies. Mr. Chairman, the American people are justifiably angry. I share that anger and frustration that taxpayers today must bail out this industry. For the past 4 or 5 years we have pleaded for a clear picture of the status of the S&L industry in vain. The regulators' response was give us more money and shut up, we the regulators, FSLIC, know what we are doing. Well, Congress backed that attitude. Congress does not have x-ray vision. We are not regulators but no doubt all 535 Members have given advice to these regulators both good and poor advice at times. Congress authorized $10.8 billion of spending in 1987 and the FSLIC found authorization all on their own to issue $40 billion more in notes and many more billions in tax dollars and that isn't enough yet, they are all too eager to blame Congress for not giving more money without answers.

The House Banking Committee conducted lengthy hearings on the S&L crisis. We looked at the issues in depth and used the information that we gained to craft the legislation before the House today. I want to commend the chairman of the full committee and the chairman of the Financial Institutions Subcommittee as well as the ranking minority members for their hard work and leadership on this issue. Their efforts have led to a product of which this body can be proud.

The bill before us has two principal goals. The first is to bail out the Federal S&L insurance fund and the second goal is to prevent savings and loans from getting into the same type of financial mess in the future. The second goal is most critical because without meaningful reforms, we could well continue to pour billions of tax dollars into the blackhole of S&L debts. The American taxpayer and the House cannot tolerate business as usual attitude that prevaded the S&L performance the past decade.

Key to the bill's reforms are the capital standards which we establish in law. These standards have been the focus of much public debate and certainly will be discussed by myself and others more thoroughly during the amendment process. For now, I would like to share with my colleagues some background on the committee's decision.

During banking committee deliberations, a majority of the Members recognized the failure of leaving excessive discretion to the regulators as a significant part of the problem. While the President submitted a bill that espoused strong capital standards, the actual language left too much of the reform in doubt. This proposal has been substantively strengthened and improved as the legislative process has moved forward.

However, it should be clear to the Members that the capital standards in the bill are a compromise. Many members of the committee supported the imposition of higher capital standards in a shorter timeframe with less regulatory flexibility. Others believed that the most effective policy would phase in the tougher standards and allow the regulator more discretion. The compromise before us is a blending of the best of both positions.

The capital standards in the bill do require institutions to have more private capital on hand. This capital is important because it acts as a cushion for the insurance fund and the taxpayer from S&L losses and bad investments. But while the bill establishes strong capital standards, we also include an exemption process for well-managed, noncomplying institutions to meet the standards over time.

The result of this bill and the capital standards will be a stronger, healthier savings and loan industry; increased consumer confidence and an effective buffer to protect the insurance fund and the taxpayer from losses.

Mr. Chairman, capital standards are the armor suit with which we can stop the steady assault on taxpayer dollars to bolster mismanaged, failing S&L's. If we adopt the Hyde or Quillen amendments we will replace the armor suit with a fig leaf and no amount of dodging will be enough to save the S&L industry and the taxpayer, from disaster.

We may not be able to predict the future, but surely we must learn from the history of the 1980's, when the regulators failed to regulate; accountants failed to count; thrift directors failed to direct; and the laws and policies were abused and misused at a great expense to the Federal savings deposit system and the American taxpayer. We cannot let those mistakes be repeated.

Mr. WYLIE. Mr. Chairman, I yield myself 1 minute, the remainder of my time.

Mr. Chairman, the Committee on Banking, Finance and Urban Affairs has produced a good bill and one that will go on the offensive in fighting financial institution fraud and ensuring adequate regulation in the future so that the costly mistakes of the past will not be repeated.

We are about to spend billions of dollars to correct the problems of the past, and at this point it cannot be business as usual. We have a higher responsibility, a responsibility to the taxpayers. We owe it to the taxpayers to remain resolute on the capital provisions, for instance, so that we will never again have to step in and rescue a deposit insurance system with billions of dollars.

I urge adoption of this bill without weakening amendments.

Mr. GONZALEZ. Mr. Chairman, I yield such time as she may consume to the gentlewoman from South Carolina [Mrs. PATTERSON].

Mrs. PATTERSON. Mr. Chairman, I rise at this time to urge support of the bill.

Mr. Chairman, it is generally conceded that the creation of deposit insurance by Congress 55 years ago was one of the most important innovations in this Nation's financial history. More than any other factor, it has prevented the financial panics that characterized the first century of this country.

Those panics and runs on banks caused untold Americans to lose their savings because there was no recourse if the institution where they had their account got into difficulty—or even was rumored to be having difficulty. It was the Federal Government's guarantee of protection that made financial institutions more attractive than putting money under a mattress.

But, even in the beginning, there were those who warned about the shortcomings of deposit insurance. At his first press conference, President Franklin Roosevelt said, and I quote, "As to guaranteeing bank deposits * * * the minute the Government starts to do that, the Government runs into a probable loss * * *. We do not wish to make the U.S. Government liable for the mistakes and errors of individual banks, and put a premium on unsound banking in the future."

Today, President Roosevelt's words have come true and it is the responsibility of this Congress and this administration to resolve the problem. More importantly, it is our duty to make sure that this does not happen again. The bill crafted by the House Banking Committee is a strong step in the right direction. It preserves the essence of President Bush's plan and includes a number of safeguards to punish wrongdoing in the past and prevent it in the future.

This bill is the result of long hours of hearings and debate in the House Banking Committee and the Subcommittee on Financial Institutions. We considered hundreds of amendments, and I commend Chairman GONZALEZ and Chairman ANNUNZIO, as well as the ranking minority member, Mr. WYLIE, for their prompt handling of this legislation. I also commend members of the committee from both sides of the aisle. While there were heated debates and many close votes, the committee handled the bill with a minimum of partisanship and with a maximum of careful thought.

This bill is not a transfer of money to the high-flyers or the criminals. We are keeping the Government's guarantee to the depositors of this Nation. If we do not pass this kind of legislation, our promise to the depositors of this Nation will be meaningless. Millions of Americans who rely on that promise will be left hanging and the damage to our financial system will be beyond calculation.

H.R. 1278 contains strong enforcement provisions. We are here today, at least in part, because of fraud and mismanagement among individuals in the savings and loan industry. This bill beefs up our ability to find this activity and to fight it. We give the regulators and the Justice Department the tools they need. I encourage them to use those tools without mercy.

Mr. Chairman, I do not want to say, however, that this legislation will not meet all the expectations many of us had for it. I am particularly concerned about the provisions of the bill creating the new Resolution Trust Corporation. We are creating a new bureaucracy that will become one of America's largest institutions on the day the President signs this bill into law. It will control hundreds of billions of dollars in assets.

Yet the RTC is an institution that has the potential for severe problems in the future. It will be managed by an oversight board composed of the Secretaries of Treasury and HUD, the Chairman of the Federal Reserve Board, the Attorney General and an individual from the private sector who will be nominated by the President. With all due respect to the abilities of these individuals, they are busy men with enormous responsibilities already. The burden of running this agency inevitably will fall to the person appointed as the chief executive officer.

In addition to a lack of strong control and accountability, the RTC's mission and responsibility are poorly defined. While the committee did not want to micromanage this new agency, I am concerned that we have left some serious gaps. It does not appear that we learned the lessons from FADA.

An advertisement in a trade publication 2 days ago only adds to my concern about the RTC. Let me read the ad to you. It says, "Who's Going to Cash in When the Resolution Trust Corp. Opens Its Doors? How about You?" Ladies and gentlemen, there are people out there waiting to pick the RTC's pockets before it even gets its pants on. I wish we had a tougher RTC, but we will have to rely on the administration to make it work.

I will support this bill despite my concerns. The problem grows every day and we cannot afford delay. This is a good bill, and I urge my colleagues to support it.

Mr. GONZALEZ. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia [Mr. BARNARD].

Mr. BARNARD. Mr. Chairman, in the short time that I have here, I want to say, No. 1, that the chairman of the committee and the ranking minority member deserve a lot of credit for where we are today in this legislation. It deserves the support of our entire membership of the House.

Mr. Chairman, this is a good bill, a good bill that went through the fire. It was tried and tested, and now we bring it before the Members as a product that we can be proud of. No, it is not a perfect bill, and the Committee on Rules has accommodated us to the degree that we are going to be able to go back and readdress some of the issues, but by and large, this is a good bill, and it deserves the support of this House.

Some have said we do not want to bail out the thrifts. My friends, let me say this: This is not a thrift bailout. What we are trying to do is save the

thrift industry, but this is to guarantee that the depositors are going to get their money, and that is why this bill deserves the attention and the support of every Member of this House. If we can pass it out of the Committee on Banking, Finance and Urban Affairs at 49 to 2, we need that same relationship, that same vote, when we come to final passage tomorrow night.

I do not believe I need to address the great urgency and importance of this legislation. I also do not think I need to recap the basic content of this bill. All that has been done adequately by others.

While I cover some matters of detail at the conclusion of my remarks, I initially want to speak to three of its most contentious features: The capital provisions; the housing programs, and the absence of content directed toward the Home Mortgage Disclosure Act and the Community Reinvestment Act.

First, there is the matter of capital. The Banking Committee and the Judiciary Committee have been round and round on this subject in markup. The Banking Committee, especially, has had hours of hearings and been presented with thousands of pages of documents. To me, an initial mistake was made when both Houses of Congress got caught up in trying to legislate the details of the capital needs of the savings and loan industry. Yet, we were led into this when the administration proposed in the original bill that we equate savings and loan standards with national bank standards. These two worlds were just too different—even when you are talking about savings and loans with very high capital standards.

We should have immediately turned to a committee of regulators composed of those with longstanding reputations for being very tough on capital standards—such as the Federal Reserve—so that they could work out the incredible detail with which we have been burdened. Indeed, although I am going to support the Banking Committee product without change, I have to point out that it is very deficient as far as clarity which, of course, is of utmost importance when one is dealing with accounting measures. For just one instance, it fails to square with accounting terminology, which leaves one with the impression that we do not know what we are talking about.

Yet, even with this criticism, I support what the Banking Committee did. I cannot support the amendment by Mr. QUILLEN since it would not move in the right direction, which is to get goodwill off the books as fast as possible. I cannot support the amendment by Mr. SCHUMER since his measure would ask the clearly impossible. I cannot support the amendment by Mr. HYDE since he tries to correct the improbable.

I do not agree with Mr. HYDE's underlying premise that some sort of goodwill property right was vested by any of the past deals struck between the Federal Savings and Loan Insurance Corp. and acquirers of defunct or troubled institutions.

I have been persuaded in my opinion on the Hyde proposal by the excellent letter of the Justice Department to Mr. WYLIE, dated June 12, 1989, that impeaches the notions that the Banking Committee's provisions involve a breach of the fifth amendment as an unconstitutional taking of property or a violation of contractual rights.

Second, the bill has two major provisions respecting housing. The first relates to the program, established by title V, inside the Resolution Trust Corporation, which is to receive billions in assets from savings and loans which became defunct starting at the beginning of this year and which become defunct for 3 years after the enactment date.

A sizeable portion of these assets are subject to a condition they be offered for sale for 3 months to qualified nonprofit organizations, public agency, or lower income families. These sales are to be subsidized both as to property price and interest rate.

I will not go into the great detail of the title V program for the simple reason that it is protected by the rule and not open even to a striking amendment. My point is that there is going to be at least one housing program of considerable significance in this bill. The main question is whether there are going to be two housing programs—the second one being that in title VII.

The title VII program, which is open to a striking amendment, draws large sums of money from the Federal Home Loan Banks on a perpetual basis into a subsidized housing plan. That is designated as the "Affordable Housing Program." I must say that I do not delight in arguing against it since I know it is motivated by the worthiest purposes and is dear to my banking chairman's heart. Nevertheless, I have to point out the following:

First, the bill already is going to cost these privately funded, but federally chartered entities, so crucial to our whole housing policy, an initial $2.1 billion to fund REFCO—the Resolution Funding Corporation—plus an annual $300 million contribution to REFCO to help pay the interest on REFCO obligations. This could well be upwardly indexed if the eligible amendment to be offered by Mr. GONZALES is adopted. On top of this, the Affordable Housing Program will add $150 million per annum to their expenses.

All this sets in motion a whole chain of events that goes exactly in the opposite direction from where we are aiming. It means the Home Loan Banks will pay the S&L industry, their owners, less in dividends which comprised a full 25 percent of the income of the entire industry last year. That means the S&L's will force redemption of their voluntary shares in the Home Loan Banks—the shares over and above what they must own to be members of the Home Loan Banks. Already, there are signs this redemption is underway, reducing the capital base of the banks.

Moreover, H.R. 1278 attempts to attract new, housing-committed commercial banks and credit unions as investors in the Home Loan Banks. The prospect of unattractive dividends chills that effort and, thus also, the whole idea of expanding banks' and credit unions' interest in making more housing loans.

Second, this is a forced financing by private entities of a public, social program that will be wholly off-budget and outside Gramm-Rudman. I am not going to insist on calling these assessments a tax, but they are very close to taxes—certainly to a franchise tax since it is essentially a tax on the charters of the Home Loan Banks which are federally let. When we yield to the temptation of levying on these kinds of institutions to meet social ends—without going through the budget, authorization, and appropriation processes, I become very concerned about other similar institutions, such as the Federal Reserve. Might we start tapping its 12 banks' income streams for social programs?

Please note that, as the bill pends now, the REFCO part of this bill is on budget due to the action of Ways and Means and Government Operations, including the contributions by the Home Loan Banks to REFCO, which are counted as receipts to the Treasury by the CBO. This is not true of the Affordable Housing Program in title VII.

For these reasons, I will join Mr. Bartlett should he offer the floor eligible amendment to strike these provisions.

My last major concern relates to the absence of revisions to the Home Mortgage Disclosure Act and the Community Reinvestment Act, an absence which Mr. KENNEDY intends to fill with a floor eligible amendment. I will strongly oppose his additions, which, incidenally cover more than just the subject matter of these two acts. Indeed, he would impose an incredibly complex "deposit source" tracking system to the bill.

First, all these provisions, including that related to "deposit tracking", in one form or another were considered during the markup process. They were all rejected.

My sense of the Banking Committee was that we are very interested in doing something legislatively, but only after hearings on a specific statutory text. For years changes in CRA and HMDA and deposit tracking systems have been generally discussed in the Banking Committee, but we have not had hearings on specific proposals on either CRA or "deposit tracking." This is a necessity if we are going to pass meaningful proposals.

Even now the other Chamber has begun intense hearings on these subjects. The details of the problems are getting laid on the table over there every day. I will urge us to follow this course instead of adopting a floor amendment so that we can respond to that Chamber's initiatives in a meaningful manner sometime during this session.

Mr. Chairman, in addition to my comments on coming amendments, I want to highlight the new deposit insurance premium provisions found in section 208 which are a part of H.R. 1278 as a result of an amendment offered by Mr. WYLIE and myself. The new premium provisions will strengthen the deposit insurance funds, BIF and SAIF, in two major ways—first, by dramatically increasing deposit insurance premium assessment rates to bring the insuring funds back up to a level deemed clearly adequate; and second, by authorizing the FDIC to further increase premium rates within certain limits if more permium income is needed to keep the fund at the desired level.

The key indicator of insurance fund adequacy is the reserve ratio. This ratio is equal to the net worth of the insuring fund divided by the volume of insured deposits. Section 208 establishes the desired reserve ratio level, termed the "designated reserve ratio," for both insuring funds to be 1.25 percent. A re-

serve ratio of 1.25 percent will be more than adequate to assure that the insuring funds can meet all obligations to depositors, and to assure that the expenses of the funds will be met by fund income and industry assessments, not by taxpayer dollars.

However, section 208 provides that the FDIC has authority to increase the premium assessment rate above 15 cents if this is needed to assure that the BIF does not fall below 1.25 percent. This FDIC authority, however, is constrained in several ways.

First, the FDIC must determine that a premium increase is needed after fully considering the operating expenses, case resolution expenditures, investment income, and premium income of the fund. The FDIC must also take into consideration the impact of a premium increase on institution capital and earnings. Here, it is Mr. WYLIE's and my intent that the FDIC weigh carefully and balance the financial needs of the insuring fund and the impact of a premium increase on institution earnings and capital. It is preferable that loss absorbing capital be maintained in depository institutions rather than transferred and maintained in the insuring funds.

Second, the premium increase should be appropriate to restore the fund in a reasonable period of time. By "reasonable period of time" Mr. WYLIE and I mean a 5- to 7-year period—roughly the amount of time the administration and the Banking Committee expect it will take to raise the BIF fund from its present level to the 1.25 percent level as a result of increasing the statutory premium rate on banks from 8.3 cents to 15 cents.

Though the 1.25 percent reserve ratio, in combination with the FDIC's authority to increase premiums if necessary, appears to be fully adequate to assure BIF and SAIF fund soundness, section 208 also provides the FDIC with extraordinary authority to increase the designated reserve ratio from 1.25 to a higher level not exceeding 1.50 percent.

Increasing the designated reserve ratio involves a massive shift of resources from lending institutions to the insuring funds and would significantly reduce institution lending capacity. For example, using year-end 1988 bank data, each $1.00 of equity capital in commercial banks supports approximately $9.50 in loans. If the BIF reserve ratio were increased from 1.25 to 1.50, a transfer of $4.39 billion from banks to the BIF would take place, and bank lending capacity would be reduced by $41.7 billion. In addition, with bank income reduced, Federal tax revenues would be reduced also. Similar consequences would result from an increase in the SAIF reserve ratio. These potential adverse economic effects of increasing the designated reserve ratio make it imperative that the FDIC's authority be exercised only in the most serious circumstances.

As the committee report states, the authority should not be exercised unless the losses are expected to reduce the fund level so far below 1.25 percent that investment and assessment income will not be sufficient to restore the fund in a reasonable period of time. Again, the term "reasonable period of time" refers to the amount of time we expect the BIF to take in returning to the 1.25 percent level. The authority also should not be exercised if the fund is below 1.25 percent—authority to increase the assessment rate is provided to address this situation.

In adopting the Barnard-Wylie amendment, the Banking Committee provided for reserve ratio increase authority as a precaution and intended that it be used only in the most serious situations. We intend depository institution regulators to closely supervise and regulate banks and thrifts to protect the resources of the BIF and SAIF and to maintain them at the designated reserve level. This constraint on the growth of the insuring funds is intended to be an incentive to the FDIC to regulate prudently and rigorously.

Next, I would like to highlight two sections of the bill of operations significance to bank holding companies which own thrifts. These two provisions were included, in part, to encourage bank holding companies to inject capital into the thrift industry.

The first provision is section 601. Section 601 has been drafted to provide that whenever the Federal Reserve Board approves an application by a bank holding company to acquire a savings and loan association, the Board cannot impose any restrictions on the operations of a savings association and its holding company affiliates other than those imposed by section 23A and 23B of the Federal Reserve Act or to other applicable law. Similarly, section 601 would direct the Board to remove any restrictions on the operations of a savings association and its holding company affiliates that were imposed on a bank holding company which acquired a thrift prior to the enactment of this bill. This section is directed at removing, inter alia, the so called tandem restrictions which the Federal Reserve Board has imposed on several bank holding companies which have acquired thrifts.

The second, and somewhat related provision, appears as section 313. That section would permit any Federal savings association to change its designation from a Federal savings and loan to a Federal savings bank or from a Federal savings bank to a Federal savings and loan. Read in concert, these provisions are significant for bank holding companies which own and operate savings and loan associations. These provisions would permit a bank holding company to use a common name and common logo for its bank and thrift subsidiaries. Authorizing such activity, the bank and its thrift would be able to obtain a synergistic benefit without creating undue confusion or misunderstanding for their customers.

One has to recognize that a significant number of Federal savings and loan associations have already availed themselves of this conversion opportunity. However, with respect to a bank holding company, an example is Citicorp, which has already helped out in this mess by acquiring four failed savings and loan associations but has been unable to designate its thrifts after its lead bank subsidiary, Citibank. These sections 601 and 313, would permit Citicorp to redesignate the name of its four thrifts as "Citibank, FSB."

Mr. KLECZKA. Mr. Chairman, I rise in support of the Financial Institutions Reform, Recovery, and Enforcement Act.

As a member of the Banking Committee, during the course of hundreds of hours of hearings and markup I have watched the FSLIC bailout move from the business page of the newspaper to the front page.

Reading about FSLIC catastrophe on the front page is one thing.

I do not look forward to reading about it on the funny pages.

If we substitute funny money accounting for the capital standards now in Banking Committee bill, that's exactly where the FSLIC stories will be.

What will put this bill on the funny pages? Allowing goodwill, rather than tangible assets, to be counted as capital is a good example.

Goodwill is not cash. It is a concept, and a shadowy one at that. When the Federal Government liquidates a failed thrift, goodwill is simply no good. It is valueless. That means, quite simply, that the taxpayer picks up the tab for the shortfall.

The Banking Committee version of H.R. 1278 makes a very simple proposition: if you are going to operate a federally insured thrift, you have to put up some of your own money. Goodwill is just not good enough.

The committee's tough capital standards lay the groundwork for a deposit insurance system for the next century. The pending goodwill amendments would revive the anything goes atmosphere which prevaded thrift regulation in the early 1980's.

Make no mistake. The Quillen and Hyde amendments on goodwill would seriously weaken the bill. From the point of view of the taxpayer's interest, the choice should be an easy one.

While President Bush is to be commended for submitting the original draft of this legislation, and for his support of the strong capital standards developed by the House Banking Committee, he is mistaken in his insistence that the financing for the bailout be done off budget.

Again, the choice is a fairly simple one. If we put the financing on budget, as recommended by the Ways and Means Committee, the Congressional Budget Office argues that we can reduce costs to the taxpayers by roughly $5 billion over 30 years. That's a good enough reason for me.

Finally, I strongly support two housing related provisions included in the bill.

First, the legislation requires the Federal home loan bank cash advance window to provide a small subsidy for low and moderate income housing.

Second, nonprofits and low and moderate income persons would have the right of first refusal in the purchase of certain of the properties held by the Resolution Trust Corporation.

I know there are those who consider these meager housing provisions to be outside the scope of this legislation.

I would urge that they read the bill. The very first line in the very first paragraph of this legislation states that a purpose of the bill is "to promote a safe and stable system of affordable housing finance through regulatory reform."

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Let us not make a mockery of that stated commitment by stripping the bill of one of the few crumbs that consumers will be allowed.

As we commit billions upon billions of tax dollars to subsidize the thrift industry, we should remember well that the Federal budget for housing was reduced by 70 percent over the last 8 years.

This bill does not make up that shortfall, but it does provide a very modest commitment to housing for persons of modest means. It carries out one of the stated purposes of the bill. The housing provisions should be retained.

I urge support for the legislation.

The CHAIRMAN. The time of the gentleman from Texas [Mr. GONZALEZ] has expired.

The Chair recognizes the chairman of the Committee on Ways and Means, the gentleman from Illinois [Mr. ROSTENKOWSKI], for 10 minutes.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 1278, the Financial Institutions Reform, Recovery and Enforcement Act of 1989. This legislation provides essential assistance to financially troubled savings and loan institutions in order to protect the financial security of millions of Americans.

I want to commend President Bush for coming forward quickly in this financial crisis and recommending a proposal which is the basis for this legislation. I further commend the Committee on Banking, Finance and Urban Affairs, and Chairman GONZALEZ, for the expedient action taken on the measure.

Mr. Chairman, although the costs to the taxpayer are significant in this legislation, the need to safeguard the savings of all Americans makes this legislation essential. Further, adoption of the Ways and Means Committee amendments to this legislation will significantly reduce the costs of the legislation to American taxpayers and increase the efficiency of the program.

Mr. Chairman, the Committee on Ways and Means approved three separate amendments to H.R. 1278. The first committee amendment would repeal the special tax benefits for financially troubled savings and loan institutions and banks that are scheduled to expire on January 1, 1990. The committee took this action, which the administration supports, because these special tax rules have been subject to abuse in the recent past.

In anticipation of restrictions to these rules which became effective January 1, 1989, a rush to market occurred at the end of 1988. During this period, the Federal Home Loan Bank Board transferred tax benefits through these special rules in amounts which have been estimated by the General Accounting Office at between $7 to $8 billion. This rush to market represented a wasteful, misdirected use of scarce government resources.

The Direct Outlay Program for assisting these institutions in H.R. 1278 represents a far more efficient means of assistance than the use of special tax benefits. In addition, by repealing these special rules, the American taxpayer will save over $1.4 billion during the 6-year period 1989-94.

A second Ways and Means Committee amendment would also minimize the financial burden on American taxpayers by increasing the financial contribution borne by the savings and loan industry. This committee amendment would delete a provision which would allow annual industry contributions to the program through the Federal home loan banks to be the lesser of $300 million or 20 percent of net earnings.

Rather, the modified committee amendment would require the industry to make an annual contribution of $300 million. This $300 million annual amount would be indexed beginning in 1993 by an amount equal to the lesser of inflation or the increase in earnings of the Federal home loan banks. Further, the annual contribution amount would not be increased above $600 million.

Mr. Chairman, this bill, including the Ways and Means Committee amendment relating to on budget financing which will be debated later, is an opportunity for the Federal Government to provide necessary assistance to institutions which hold the financial security of millions of Americans.

As Members of Congress, however, it is our responsibility to provide the necessary assistance in the most efficient manner possible—in a manner that minimizes the cost and financial burden of the American taxpayer. Our constituents are mad enough about this savings and loan problem without adding insult to injury by increasing their financial burden under the assistance plan. The three Ways and Means Committee amendments are specifically designed to protect the financial interests of both current taxpayers and equally important, future generations.

Mr. Chairman, on behalf of hard-working Americans across the country, I urge my colleagues' support for the Ways and Means Committee amendments which, in the interest of fundamental fairness, minimize the costs of this assistance plan to the American people.

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The CHAIRMAN. The gentleman from Texas [Mr. ARCHER], ranking Republican member of the Committee on Ways and Means, is recognized for 10 minutes.

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, when President Bush presented the Congress with his savings and loan legislation in February, he asked us to complete work on it within 45 days. Unfortunately for the taxpayers and failing financial institutions themselves, we have not acted quickly enough to stem the losses which are still occurring in the thrift industry. I am pleased to see the House finally moving toward a resolution of this truly critical issue. My comments tonight will be directed only to the parts of this legislation which are under the jurisdiction of the Ways and Means Committee.

During the legislative process, our committee held comprehensive hearings and made several significant changes in H.R. 1278. While there were significant differences of opinion on the basic funding of the program, bipartisan cooperation allowed us to complete our work rapidly.

The committee added to H.R. 1278 important conforming tax changes that affect the thrift industry—established the industry contribution for interest payments at $300 million per year plus inflation—and, most importantly, put the financing package on budget with a waiver from Gramm-Rudman. While the Ways and Means Committee can be proud of the expeditious manner in which our contribution to the package was developed, I must voice my objections to the on budget financing method reported by the committee.

The committee's rejection of the administration's financing mechanism in favor of the on budget approach deals a tremendous blow to the fragile, but single most important, fiscal restraint left in Congress—the Gramm-Rudman Act.

There were many debatable reasons for putting the financing on budget, but I believe none of these warrants creating a major breach in the Gramm-Rudman law by exempting the $46 billion in resolution funding corporation outlays from the deficit calculations.

I agree with our Treasury Department's fears that passage of this plan by the Congress will be taken by financial markets as a blow to fiscal discipline.

If interest rates rise in reaction, the possibility of $125 million in yearly interest savings from the on budget mechanism will be quickly lost to the increase in debt service costs that could easily rise by $280 million per year.

Equally disturbing is the precedent the committee's amendment sets for keeping multiple sets of Federal budget books. Already, the social security trust funds are off budget but are counted on budget so that their surpluses may be used to lower the apparent deficit. Now, with the committee's REFCORP scheme, we are doing just the opposite. This plan will bring the

corporation and its outlays on budget—but not count it toward the deficit because it is convenient to pretend the outlays aren't there.

As a number of us said in our additional views on the Ways and Means Committee's provisions, we wonder where this bookkeeping of convenience approach to Federal budgeting will end—and at what cost to the taxpayer.

I personally fear that the Ways and Means action provides the blueprint for every new spending program seeking an exemption or waiver of the budgetary restraints which are now in place. The practical result will be to make the Gramm-Rudman targets meaningless.

Importantly—if the House adopts the on budget approach, it will have created another issue for the conference committee that inevitably will result in holding up final passage. If the on budget financing plan should survive the conference, the Senate's requirement of a 60-vote majority to waive the Budget Act will be a virtually insurmountable hurdle which will further delay enactment. With the thrift industry losing over $1 billion a month, the taxpayers deserve rapid resolution of the issue—not further delays.

I regret that I must take exception with the on budget financing which was reported out of my committee, but I feel strongly that the discipline of Gramm-Rudman must prevail. I would urge my colleagues to vote "no" on the committee's on budget financing amendment.

Mr. Chairman, I yield the balance of my time to the gentleman from Washington [Mr. CHANDLER], a respected member of our committee.

The CHAIRMAN. Without objection, the gentleman from Washington [Mr. CHANDLER] may yield time to other members.

There was no objection.

Mr. CHANDLER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today I rise in support of this bill and especially the strong capital standards it would establish.

Proponents of amendments to weaken the capital requirements speak about fairness. I think that's an appropriate starting point, but we shouldn't be asking what is fair to undercapitalized thrifts. Rather, we should be asking what's fair to the American taxpayer who is being asked to pay tens of billions of dollars to bail out insolvent thrifts.

By this time I am sure you all know that goodwill is an accounting concept. There are those who propose to allow an institution to count goodwill toward its capital requirement, something that is not backed by anything. Strong capital requirements will add a sense of discipline to the operations of many of the riverboat gambler thrifts by insuring that some of the owners' money is at risk. They will also make certain that there is some protection against losses so that fewer Federal insurance dollars will be needed. Tougher capital standards will not force healthy thrifts out of business. Failure to meet the 3 percent tangible capital requirements will simply lead to heightened supervision by the FDIC. Thrifts will no longer be allowed to try to recklessly grow out of their problem. Instead they will have to submit a business plan describing what they will do to raise tangible capital. The claim that depositors will lose confidence in institutions operating under a business plan or similar oversight is needlessly alarmist. The Bank of America, for example, is under such an agreement and there has been no run on deposits here.

At the heart of this debate is whether we will accept the word of our President and the Banking Committee or instead accept the word of the S&L industry. Need I remind you that just 2 years ago this industry argued that only $10 billion was needed to clean up the problem? Today that same industry is trying to argue that somehow goodwill adds to the strength of a thrift—that it somehow protects depositor assets. I think the time has come to stand up to the lobbyists and say the American people take precedence over special interests.

I appeal to my Republican and Democratic colleagues to support the President and the American taxpayer and vote to reserve the strong capital requirements in this bill.

Mr. Chairman, I yield the balance of my time to the gentleman from Ohio, [Mr. WYLIE], the ranking member of the Committee on Banking, Finance and Urban Affairs.

The CHAIRMAN. The gentleman from Ohio [Mr. WYLIE] is recognized for 2 minutes, and without objection, the gentleman from Ohio may yield time to other members.

There was no objection.

Mr. WYLIE. Mr. Chairman, I reserve my time.

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. Mr. Chairman, In my view, there are several major problems with the President's S&L proposal as modified by the committees of jurisdiction. The bill is inequitable—to future generations, to the American taxpayer, to many of our healthy thrift institutions, and to the Northeast and Midwest regions of this country. First, the bonding mechanism, and indeed, in my opinion, borrowing itself, is fiscally and morally irresponsible and will pass unnecessarily higher costs for this bailout on to future generations; second, the cost estimates for resolving problem thrift cases are deceptively low, the level of funding provided is undoubtedly inadequate, and the potential exists for agency action that could inflate the taxpayer obligation beyond that explicitly permitted by the Congress; third, the application of the capital standards will turn healthy institutions into troubled ones and may ultimately increase the costs to the taxpayer; and fourth, the alleged burden sharing is inequitable—the taxpayer contribution is significantly understated, the industry contribution is overstated, and other legitimate sources of income such as the States are not tapped.

We have an opportunity to address some of these serious problems during floor consideration of this bill. I hope we will do so.

I. GENERATIONAL INEQUITY: THE BONDING MECHANISM

The administration has managed to put the financing of the bailout off budget by creating a separate corporation to issue long-term bonds. The administration touts this approach as evidence of fiscal discipline. But the approach is both dishonest and unfair—dishonest because it relies on financial gimmickry to hide real costs; unfair because it will unnecessarily increase the financial burden on the American taxpayer.

In the Banking Committee, I offered an amendment that would have put the costs of the bailout on budget and stated it to be the "sense of Congress" that the bailout should be funded by taxes, user fees, or other forms of revenue enhancement. This is an approach that this administration and the last have typically used to fund new programs. It would be the correct approach here.

Bonding is appropriate to fund future capital expenditures, where the item produced will be of some tangible benefit to future generations who will be required to help bear the costs. Bonding is not appropriate to fund present consumption and even less appropriate to fund the past consumption that we are paying for in this S&L bailout.

Unfortunately, the amendments I offered were ruled out of order and the Banking Committee had little choice but to approve the administration's bonding plan. The Ways and Means Committee chose a different approach. The committee would put the financing of the bailout on budget but exempt the costs from the Gramm-Rudman targets. The Ways and Means approach is more honest, and it is substantially cheaper for the American taxpayer, saving at least $5 billion, and possibly as much as $42–$50 billion, over the next 30 years. In that sense, it is a significant improvement over the President's bill.

But in my view we should go even further. The Gramm-Rudman waiver still allows us to avoid the hard choices.

The only truly honest approach is to put the costs on budget and not exempt them from Gramm-Rudman. It is also by far the cheapest approach and, in that sense, the fairest to the American taxpayer. Paying for this bailout now rather than borrowing to pay will save the American taxpayer from $150 billion to $200 billion over the next 30 years.

The Rules Committee has made in order an amendment that I will offer as an amendment to the Ways and Means Committee amendment which would put the costs of the bailout on budget and on Gramm-Rudman. If the amendment is approved, we would then have

to make the hard choices we should make—either find an appropriate form of revenue enhancement or agree to spending cuts that will allow us to pay for our past mistakes. In my view, some form of revenue enhancement is the only reasonable approach, and I believe the correct choice would be a special time-limited surtax to pay for the bailout.

It is only right that we make these hard choices. There is no question that we will be spending enormous sums of money. The question is whether we will borrow and spend or tax and spend. If we choose to borrow and spend rather than pay for this bailout ourselves we are simply passing the costs on to our children and grandchildren. We are then forcing them to make a future choice between far more draconian tax increases or spending cuts. That is simply unjust.

The only reasonable and fair approach is one that minimizes as far as possible the cost to the American taxpayer. By that standard, the President's off-budget bonding approach must be abandoned.

II. TAXPAYER INEQUITY: RTC NOTE AUTHORITY

There is another way that we can reduce potential taxpayer costs. Chairman Gonzalez is offering an amendment which would put a clear cap on the amount of money available to the Resolution Trust Corporation for case resolutions.

The status of the FSLIC notes was a major issue left unresolved in the course of last year's S&L debate. By the end of 1988, an insolvent FSLIC had issued approximately $20 billion of FSLIC notes in assisted transactions. Inevitably, as the ability of FSLIC to back the notes it issued became more and more in doubt, the question of whether the notes were backed by the full faith and credit of the U.S. Government became more and more important. In fact, Congress had never placed the full faith and credit of the U.S. Government behind FSLIC notes. What was clear was that a Government agency without congressional authorization was creating financial obligations it was incapable of meeting and that the Government would ultimately be forced to honor, placing a potential burden on the American taxpayer that the Congress had never approved.

At the end of the last session, I made an effort to control that problem by introducing legislation that would have placed a cap of $20 billion on the level of notes that FSLIC could issue. Unfortunately, although that legislation was favorably reported by the Banking Committee, it never reached the House floor.

We are now in precisely the position that I feared. It is the American taxpayer that will now provide the backing for the FSLIC notes through the funds he is being forced to contribute to the S&L bailout. And now we are creating the potential for the same situation to occur yet again.

Under the S&L bill, the RTC retains the authority to issue notes in excess of the amount of money the Congress is actually approving in this legislation to fund the bailout. The administration argues that this authority is irrelevant because the $50 billion in bonding authority it has requested is sufficient. That is a highly dubious claim. If the 40-percent loss rate experienced in the institutions that the FDIC already has under conservatorship continues as the FDIC moves into other institutions, it will take $46 billion of the budgeted $50 billion just to cover the associations scheduled to be taken over in the next few weeks. That will total little more than half the approximately 500 insolvent S&L's already identified. And there are expected to be still more.

A limitation on RTC note insurance authority is critical. Under no condition should we create a situation where the taxpayer could be obligated for any costs beyond those specifically imposed on him under the bailout legislation.

III. INDUSTRY INEQUITY: THE TREATMENT OF SUPERVISORY GOODWILL

In the early 1980's, many healthy thrift institutions acquired weakened thrifts, at the request of, and under negotiated agreements with, the Bank Board. Then, as now, FSLIC had no cash to infuse in the assisted transactions. Instead, the Bank Board asked the acquiring institutions to accept the counting of supervisory goodwill toward meeting their capital requirements in exchange for the tangible assets they would otherwise have had the right to receive. The cooperation of these healthy institutions saved the FSLIC enormous sums of money. But, as a result, many healthy thrifts now carry supervisory goodwill on their books.

At the very least, we owe these institutions the simple opportunity to have a administrative hearing before the regulator regarding the specific agreements they negotiated and the special problems they face. the Hyde amendment would give them that right.

If we do not give these institutions and the contracts under which they are operating this minimal consideration, we could be turning numerous healthy institutions which negotiated with the Government in good faith and assisted the Bank Board in past transactions into problem institutions that we will eventually have to bail out. Such an approach totally disregards past contractual agreements and will increase the costs to the American taxpayer by adding exponentially to the list of troubled institutions and creating the possibility of endless litigation. Providing the institutions with their due process rights and providing the regulator with the opportunity to, in effect, renegotiate the agreements under which these institutions are operating, can save the taxpayer large sums of money the Government will otherwise be forced to spend defending its position in the litigation that will otherwise certainly ensure.

I firmly believe that private capital is the appropriate buffer for the insurance fund. But, we must strike a reasonable balance between the legitimate demand for tough capital standards and the need for fundamental fairness and reasonable transition rules.

The Hyde amendment strikes a reasonable balance. It would simply require that institutions which acquired supervisory goodwill through past supervisory transactions have an opportunity for a hearing through which they can present their case. The amendment does not change the capital requirement in any way. It would simply create a mechanism through which the regulator could avoid unnecessarily designating a well-managed profitable institution that is operating reasonably under an existing contract with the Government a supervisory case. This is simply common sense and fundamental fairness.

IV. REGIONAL INEQUITY: A STATE CONTRIBUTION

The Northeast-Midwest Coalition presented an amendment to the Rules Committee which I cosponsored that would have required some reasonable contribution from the States for any excessive costs associated with bailing out State-chartered institutions. I am very disappointed that the committee did not make that amendment in order. The issue is an important one and cuts to the very vital question of whether this bill meets the most rudimentary standards of fairness. On the regional equity issue, I do not believe that it does.

It was primarily State-chartered, but federally insured, institutions with a very broad array of powers, operating, in some cases, under lax State supervision, that broke the Federal insurance fund. State-chartered institutions were responsible for three-quarters of the $30.9 billion cost of FSLIC case resolutions in 1988, and the vast majority of those institutions were located in the Southwest. This bailout, therefore, involves a massive transfer of resources from the Northeast-Midwest to the Southwest.

We have a dual banking system and it is that system we are bailing out. The States have obligations as well as rights under that system; and those obligations should be reflected in some sharing of the cost. We must remember that we are largely engaged not in a depositor payoff, but in as massive restructuring effort designed to preserve institutions and the stability of communities. The States and the Federal Government should share responsibility for that effort. The coalition amendment would simply have provided a mechanism through which States can make some modest contribution toward any excessive costs associated with bailing out State-chartered institutions within their borders.

V. CONCLUSION

The bill as it stands is inequitable. The House has before it a number of amendments whose acceptance will result in a fairer proposal—fairer to our children, to the American taxpayer, and to some of our healthy institutions. I would urge my colleagues to seriously consider these important changes.

Mr. GARCIA. Mr. Chairman, I rise in support of the bill reported by the full committee on banking, finance, and urban affairs under the capable leadership of Chairman HENRY GONZALEZ.

I urge my colleagues to support the spirit of the bill, including the financing mechanism and the low-income housing provisions.

I also urge my colleagues to support the strong capital requirements of the bill. We cannot risk facing a similar crisis.

Mr. Chairman, I want to emphasize my support for the chairman's housing provisions in the bill.

After almost a decade of neglecting low-income families, this provision is very important. With this savings and loan bill, we are asking the American taxpayer to bail out an industry that is responsible for providing loans for homeownership.

It would be unthinkable to expect the working families of this country to come to the

rescue without guaranteeing that the thrift industry will in turn provide affordable loans for low- and moderate-income families.

Mr. Speaker, some of my colleagues argue that this is not the time or place for this provision. I say that there is no better time.

It does not matter if we consider other housing legislation later this session. Providing funds for homeownership goes hand in hand with the thrift industry.

If some of the troubled thrifts had invested in working families and working neighborhoods, we might not be faced with this crisis today.

Mr. Chairman, I believe in homeownership for all Americans. This is the best investment we could ever make, and I urge my colleagues to vote for this provision and for the committee bill.

Mr. MFUME. Mr. Speaker, I implore Members of this body to take time to realize today the magnitude of the expenditures that the S&L bailout will in fact result in. This nationwide bailout plan is expected, as we know, to cost more than $150 billion.

In considering what else this money could have been used for, or what it may have bought, the Washington Post wrote today and said that—

It could have financed the U.S. Food for Peace Program at its current level for 136 years, or the Drug Enforcement Administration for 262 years, or Federal Prenatal Care Programs for 717 years.

Mr. Speaker, the American taxpayer has a stake in this emergency assistance legislation. Not only must we move to pass it, but we must also move to ensure adequate capital standards, and we must give the taxpayer something in return.

So I urge my colleagues to support provisions in that bill that simply call for fair lending practices and require S&L's to meet the Nation's housing and community and reinvestment needs. To consider such matters irrelevant is defenseless and ceases I think to take the opportunity and the imperative of this day.

Mr. MOODY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. GARCIA].

Mr. GARCIA. Mr. Chairman, I commend the chairman of the full Committee on Banking, Finance and Urban Affairs. I rise in strong support of the legislation. I think it is necessary, I think it is needed, and I think tomorrow we are going to have some hard choices to make, and I hope we can make them for the American people.

CRUCIAL TO KEEP FSLIC BAILOUT ON BUDGET

Mr. MOODY. Mr. Chairman, the issue before us is enormous, in fact, momentous. No new spending program created by Congress since World War II except Medicare comes close to the cost of the operations we are about to authorize.

The cost of this measure will be between $200 billion and $350 billion before all is said and done. That cost, of course, will depend crucially on the way we finance it, because by far and away the lion's share of those large numbers are borrowing costs, the financing costs, the cost of getting money now in order to pay for it later. It is this massive resort to borrowing which is the heart of the administration's plan.

The Committee on Ways and Means, on which I serve, adopted a very crucial amendment that will have great implications on the ultimate cost of the bill and to contain those costs: The amendment to keep the entire bailout on budget.

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Why should we keep it on budget? Why don't we adopt the Bush administration plan and simply take the whole $200 to $350 billion obligation off budget? You have heard the arguments from the administration that we need to retain what fiscal discipline is still left under Gramm-Rudman. Unfortunately, taking it off budget would not do that. By taking it off budget, it takes it off Gramm-Rudman, and therefore provides no real discipline at all. It would provide the symbol of discipline by not formally breaking Gramm-Rudman without providing the actual discipline of Gramm-Rudman.

After all, what was the purpose of Gramm-Rudman? The purpose was to cut down borrowing for public purposes. Why? Because all borrowing now—whether by Treasury or some creation like REFCOR—is, at the margin, is entirely borrowing from abroad. Every extra dollar we borrow we borrow from the Japanese, the Germans, or other foreigners. Virtually every dollar we borrow from foreigners is a dollar increase in our foreign trade deficit. And every $40,000 increase in our trade deficit eliminates one American job.

The other, related, reason to contain borrowing for public purposes is that is the only way to make more loanable funds available for private investment.

So the real reason for Gramm-Rudman, my friends, was not to set up a shell that we could run around; it was to reduce public purpose borrowing. The Committee on Ways and Means amendment to put this bill on budget, even though it does grant a waiver of Gramm-Rudman, brings us much more nearly to the point of facing up to the real cost of this bill and doing something about it.

It will instill more, not less fiscal discipline. If not in fiscal year 1990, then in fiscal year 1991 or 1992.

So I strongly support the on-budget amendment of the Committee on Ways and Means.

Then, there is the important issue of honesty. Plain honesty with the taxpayers if a nation is going to support a program of this huge dimension, a program this expensive, it is going to have to understand it. We know what happens when the public does not understand very expensive decisions made in this body; they eventually rebel against them. Rightfully so in a democracy. If we are going to get the support of the public, they have to understand the operation.

The first way to honestly cope with the problem is to describe it honestly. Putting it on budget is the first step in describing it honestly. If there is anything that Congress needs and, I might say, the administration, given its track record of the last 8 years, it is credibility on fiscal management issues. Taking this off budget as the administration proposes, and as some members of my committee propose, would be a step in the opposite direction to reestablishing credibility.

But perhaps the strongest reason for having the S&L bailout on budget, regardless of whether it is under Gramm-Rudman or not, is the cost.

There are three main points under that issue of cost. No. 1, there is a premium on interest charges if the money is borrowed through REFCOR or any other off-budget entity. A good example of this is the off-budget entity FICO. The interest cost premium for FICO borrowing over direct Treasury borrowing is about 50 basis points, or one-half of 1 percentage point.

The administration assumed about 20 basis points differential from having the S&L off budget, or an extra cost of about $4.5 billion. But if FICO is a good guide, the difference is really going to be about 50 basis points. That alone is going to cause about $7.5 billion in extra cost for the entire package.

I do not know which of you could stand up and tell your constituency we are going to spend $7.5 billion more and charge it to the taxpayers just for the window dressing to make Gramm-Rudman look a little better.

The second extra real interest cost for having the package off budget is the cost of borrowing the $4.5 to $7.5 billion extra cost just described. Since the United States is in a deficit position, the $4.5 billion to $7.5 billion is going to have to be borrowed and therefore cost still more money. Over a 30-year period, that extra cost adds up to between $17 billion and $20 billion, depending on what interest rates you use.

And the third, and most significant and most overlooked, element of increased borrowing cost for taking it off budget is the fact that under the administration plan the entire operation would be borrowed only on a 30-year basis. The administration insists it all be borrowed at 30-year maturity, whereas it would be on budget, then the Treasury could issue notes and bonds of whatever maturity was the cheapest in interest costs. It is a fact that today 30-year notes carry higher costs, higher interest rates, than short-term notes. If we adopt the

President's plan putting it off budget, we would be borrowing money in the most expensive way possible. That adds another $20 billion or so to the cost.

So, Mr. Chairman, we are talking about a total of some $47 billion extra by taking it off budget. I hope that those who are tempted to adopt the administration plan will consider this $40 to $50 billion in extra cost by taking it off budget. You cannot justify that, I think, under any basis.

Finally, my final overall point for having the S&L package on budget goes beyond cost. It concerns congressional oversight. All of us know that we in Congress watch over something more closely if it is on budget. If there is anything that has been missing in the sad S&L picture, it has been lack of oversight. Putting the program on budget will give us more incentive to provide careful congressional oversight.

So for oversight reasons, for cost containment reasons, and for plain old honesty in budgeting reasons, it is important that we adopt the Ways and Means amendment, and put the entire package on budget.

The CHAIRMAN. The Chair now recognizes the gentleman from Ohio [Mr. WYLIE], who has 2 minutes assigned to him by the Ways and Means Committee.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Maryland [Mr. MCMILLEN].

Mr. MCMILLEN of Maryland. Mr. Chairman, I thank the gentleman for yielding the time. I rise in support of H.R. 1278, but because of the shortness of time, I want to commend the chairman for his good work and ranking minority member as well as the other committees for crafting this sound bipartisan bill.

Let me just focus for a moment on the capital standards in this bill. There has been a lot of partisan sparring on this issue. In the subcommittee with Mr. ANNUNZIO they produced a bill the administration criticized for not being strong enough. The same holds true for the committee bill.

In fact, I think that the legislative process has worked well. In the committee we were able to strengthen Mr. Bush's bill. Mr. Bush's bill, if you read the language, was somewhat ambiguous on the issue of goodwill. I think we have taken this issue a step forward. As I said, these gentlemen and the committee should be commended for that measure.

Now that we have taken these steps, I think we have to be very careful not to go backward on the goodwill issue. I hope that we can get this partisan sparring behind us and move forward expeditiously on this legislation.

We can never allow this issue, this crisis to happen again. But the reality is it very may well. We had some testimony recently that indicated that the administration may be underestimating the cost of this crisis by $20 billion to $30 billion. We may in fact have to go back to the taxpayers in 2 to 3 years and ask them for further proceeds.

I think we have to make sure that when we deliberate on this bill at this point in time that we pass the kind of tough standards that are necessary so that we can insure that this does not happen in the future.

Mr. Chairman and the ranking minority member, again I want to thank them for the chance to make these brief comments and look forward to debating the bill.

The CHAIRMAN. The time controlled by the Committee on Ways and Means has expired.

The Chair now recognizes the gentleman from Texas [Mr. BROOKS], the chairman of the Committee on the Judiciary, for 10 minutes.

Mr. BROOKS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 1278, the Financial Institutions Reform, Recovery and Enforcement Act of 1989, is an extensive revision of this Nation's system for insuring and supervising the financial institutions which make up our thrift industry.

The Committee on the Judiciary was granted sequential referral on the bill for the purpose of reviewing those provisions of the bill which are within the committee's rule X jurisdiction. Principally those matters related to law enforcement and to the due process requirements of the Administrative Procedure Act.

With regard to civil penalties, the Judiciary Committee modified the provisions in order to ensure that the penalties were actually civil penalties in fact as well as in name. The committee amendment ties the civil penalty to the actual loss to the Government. The maximum penalty which may be imposed is twice the actual loss to the Government. This was done to ensure that the penalties meet the constitutional test of being civil or remedial and not actually criminal.

The committee also made two other changes to the remedial civil penalties. First, the $1 million cap was removed. Second, the burden of proof which the Government must meet before the civil penalties can be imposed was changed from the stricter "clear and convincing evidence" standard to the lesser standard of "preponderance of the evidence."

With regard to the civil forfeiture sections of the bill, the committee modified the bill to allow the use of civil forfeiture in banking related offenses and brought the treatment of forfeited assets under the standard procedures which already make Federal regulatory agencies eligible for forfeited property on a discretionary basis after expenses are paid. The amendment allows the regulatory agencies to recoup their investigative costs and allows the funds to be paid to them for claimants, creditors and the agencies insurance fund if the financial institution is in receivership, or to the financial institution itself on order of the appropriate Federal regulatory authority.

The committee made certain technical corrections to the criminal forfeiture sections of the bill.

The Judiciary Committee added a $10 million authorization for the judicial branch to carry out its duties as proposed in the bill. This is to assist the courts in meeting the additional workload that will be occasioned by litigation under the provisions of the bill.

The committee deleted the provision in the bill which sought to establish criminal division fraud section regional offices in Los Angeles and Dallas. The Judiciary Committee felt that it was inappropriate for the Congress to micromanage the Justice Department in this manner and that such management decisions should be made by the Department.

The committee clarified the language which would establish a new felony for an officer or employee of a bank who obstructs a criminal investigation by notifying bank customers or targets of grand jury investigations of the existence or contents of grand jury subpoenas. The Committee took the position that felony penalties should not be imposed upon individuals who disclose the existence or contents of such subpoenas, but do so without criminal intent to obstruct the administration of justice. The committee amended section 962 to require a showing of criminal intent to obstruct an investigation before a felony prosecution can take place. The committee established a penalty of no more than 1 year in prison and a fine for disclosures made with a "knowing" state of mind, but without criminal intent to obstruct an investigation.

The committee amended several sections of the bill to bring the procedures into line with the due process requirements of the Administrative Procedure Act.

Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I thank the distinguished chairman of the full Committee on the Judiciary for yielding time to me.

Mr. Chairman, I rise in support of H.R. 1278, and in particular in support of the amendments approved by the Committee on the Judiciary, which have been made a part of the original text for purposes of consideration of the bill in the House.

Unscrupulous persons in the savings and loan industry have, through their fraudulent practices, brought an industry to its knees, and caused countless billions of dollars of loss to depositors. Taxpayers are now being asked to pick up the tab for their avarice and their crimes.

I know that there is a disposition in this body to accompany that bailout with severe sanctions for the wrongdoers who brought us to this point.

I share that disposition. For that reason, in the Judiciary Committee markup, I supported an amendment to provide additional funding to help bring to justice, both civilly and criminally, these wrongdoers.

I also offered an amendment to provide tougher civil penalties for those who engage in fraudulent activities in connection with banking transactions. I want to call my colleague's attention to this amendment, which was adopted and is a part of the bill before us, because an amendment will be offered later to return to the language of the bill as it existed before my amendment.

One of the ways H.R. 1278 proposes to get tough on bank fraud and related crimes is by permitting both criminal punishment and severe civil penalties for the same fraudulent conduct. I support this approach, and my amendment supports it and advances it.

The bill as reported by the Banking Committee called for civil penalties up to $1 million—$5 million for continuing violations—for violations of a number of Federal criminal laws involving fraud relating to financial institutions. No standards were provided for courts in determining the appropriate penalty, and the penalty could be imposed in addition to criminal penalties. The cap on the penalty could be exceeded if there is actual loss or gain in excess of the cap. The Government had to prove its case by clear and convincing evidence rather than the normal civil standard of preponderance of the evidence, meaning that fewer cases could be successfully brought.

A bipartisan majority in the Judiciary Committee voted to strengthen this penalty in a number of ways.

First, we eliminated the fixed dollar amount cap. It is our feeling that a person who causes losses of several million should not have his liability capped at $1 million.

Second, we pegged the penalty to the actual loss to others—or gain to himself—caused by the defendant. In the case of loss to the Government, the penalty can be up to double the actual loss. We define loss to the Government in an all inclusive way to include all costs of regulating, investigating, and prosecuting the wrongdoer. Money paid by any Federal Deposit Insurance Fund is included.

If loss to a private party, or gain to the defendant, exceeds twice the loss of the Government, a penalty in this larger amount can be assessed.

Third, we make it easier for the Justice Department to impose these penalties by lowering the burden of proof.

Tomorrow, when we debate the amendment to roll back this penalty to the level provided for in the Banking Committee bill, I will provide more detail spelling out the advantages of our version of this penalty. After you hear that debate, I hope you will vote to retain the tougher penalty provisions which the Judiciary Committee put into the bill.

□ 1900

Mr. BROOKS. Mr. Chairman, I yield back the balance of my time.

Mr. McCOLLUM. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I, too support this legislation. I think it is an extremely important bill that we are about to proceed upon.

I happen to wear two hats, being a member not only of the Judiciary Committee but the Banking Committee, and I have been through quite a few markups on this piece of legislation. The gentleman from New Jersey has worked very hard, and it has been a pleasure to work with him as my chairman of the Subcommittee on Crime, and my colleagues on the full Committee on the Judiciary on this particular piece of legislation. We have concurred in most of the changes that were made by the Committee on the Judiciary in this bill, and they were small but significant.

I think, first of all, it should be pointed out what was not changed. Lots of people wonder why the Committee on the Judiciary sees a banking bill. The reason we see this bill is because there are significant changes, particularly in criminal penalties, civil penalty areas of the law in dealing with the procedures that would cause harm and penalty to come to an individual who violates the banking provisions. In the area of criminal law, the criminal penalties were not changed by the Committee on the Judiciary. They are very tough penalties we agreed upon, after our floor markup, with the Committee on Banking, Finance and Urban Affairs. If an individual goes out and violates a criminal law that is set forth in this bill, they will get socked, too. We also are going to see that we do not change the funding mechanism, to give the Attorney General some $65 million of additional resources to go out and prosecute people who may have been responsible in bank fraud situations and the like, for causing a lot of the problem. Those two fundamental, basic principles of tough, hard criminal law were in no way touched by the Committee on the Judiciary.

However, we did get at a problem which the gentlemen from New Jersey raised a moment ago, which we thought was important, in the area of civil penalties. There is a concept in law that says that a person cannot have double jeopardy. There is also a concept in law that says that a civil penalty, indeed, is really, truly, a criminal penalty, and only called a civil penalty by name. It will be treated like a criminal penalty. The way the Committee on Banking, Finance and Urban Affairs' bill has been structured when it came to our committee, it appeared and still appears to me, it would have run afoul of this problem; that, indeed, we would have had accumulative effect, accumulative provision, so-called criminal penalty and so-called civil penalty for the same offense. We would have tacked one on to the other, and in that process there would have been no distinguishing reason for the civil penalty, other than the criminal activity itself. No tie-ins to the underlying cause, the cost to the Government, or separate remedial reason to have a civil penalty. Consequently, we addressed this problem in a way that is really necessary to provide for a constitutional civil penalty and still have it accumulatively, so the Government can prosecute and get a criminal penalty, but also get a civil penalty where appropriate, and that is a civil penalty the way we now have our provisions coming before the floor today where Members have up to twice the cost to the Government, twice the loss to the Government, whether that is in attorneys' fees or overhead, or insurance funds, that are paid out to those depositors who have to be paid off when we are closing an institution because of some fraud or whatever, that occurred by those being tacked on to these penalties.

So we have a stiff criminal penalty provision which is accumulative with the criminal, but it is constitutionally valid, separate, and remedial in nature, and what I call proportionate to the offense in the civil area.

Another thing to note on the Judiciary side, we also did address the problem that existed in the bill that came out of the Committee on Banking, Finance and Urban Affairs, in that the law that we would have put into effect has changed slightly in dealing with bank officers and employees who notify customers who are targets of criminal investigations, that their bank records have been subpoenaed by a grand jury. That is made a crime, and made a crime in both bodies, both committees, but what we have done is said it is a misdemeanor, 1-year penalty for knowingly violating this; and a felony, 5-year penalty, for a violation

of this, committed with intent to obstruct investigation. I think that was a significant change.

One other amendment to be offered in this area, to restore something we changed. We took out the two fraud divisions that the Attorney General did not particularly want to see here established by the Committee on Banking, Finance and Urban Affairs. It seems to me that the Attorney General, we ought to give him the money, he ought to have the power to run the fraud section of his department the way he wants to. We should not dictate that he have a fraud division in Dallas, Los Angeles, New York, or anywhere else. Let him establish that. It seems to Members that is wrong, and took those provisions out, and some Members, I think, will try to put them back in. I hope the Members will look at that.

One last point I would like to make on my time, since I wear both hats, an amendment that my colleague from Illinois from the Committee on the Judiciary related to standards, relating to a role I played in both. I supported him in the committee on that effort, because I thought he had a point about fairness, and there is a problem when we talk about supervisory goodwill, the amount that has been given or allowed by the Home Loan Bank Board to a number of institutions that took over failing thrifts.

□ 1910

They are allowed to have this on their books and write it down or amortize it over a number of years, and that counts as capital now.

The bill that came out of the Banking Committee, the one we will have before us tomorrow, is one that says they are going to have to write that down in a very short time, not over anything like a 30- or 40-year period of time, and under certain guidelines they would have to get rid of that and find real capital and put it on their books. That is harsh on those institutions that make these arrangements.

The gentleman from Illinois is going to offer an amendment tomorrow on the subject, as he did in full committee, that will try to mitigate that. His effort is noble. As I say, I supported it previously because of the question of fairness and whether or not we could keep and live up to it. My problem, though, is that upon reflection I can no longer support that amendment, and I will not when it is offered tomorrow, because it seems to me the public interest in tough capital standards is in making sure these so-called goodwill amounts, which are nothing more truly than deferred losses, not goodwill in the traditional business sense, simply cannot be allowed to stand.

So unfortunately and reluctantly, I will be opposed to the efforts of the gentleman from Illinois to put that provision in. I will also oppose other efforts that weaken the capital standards provisions in the bill. We have to have tough capital standard provisions.

We must have a tough bill. We have a good product that is coming out here. There are changes that this Member would like to have had such as keeping and continuing the cross-marketing prohibitions that are currently in the law for savings and loans and banks so that we do not have special deals working among subsidiaries that the holding companies have. Unfortunately, the Rules Committee did not allow me to offer the amendment I had requested that would have kept that in.

So there are things where I have differences in this bill. But overall it is a tough, hard-fought bill that has been worked out through several major committees, including the Banking Committee and the Judiciary Committee. I think the product is sound. I do not think we need major amendments to this bill, with perhaps the exception of eliminating the consumer provisions that I think have no relevance to the legislation at hand. But other than that, there is no reason why we should be tampering with the fundamental provisions of the bill.

Mr. Chairman, I urge my colleagues to maintain the provisions we changed, particularly those in the Judiciary Committee, because they actually make the whole penalty section much tougher and tighter. I would urge my colleagues to sustain those provisions.

The CHAIRMAN. The time controlled by the Committee on the Judiciary has expired.

The Chair now recognizes the gentleman from Michigan [Mr. CONYERS], chairman of the Committee on Government Operations, for 5 minutes.

Mr. CONYERS. Mr. Chairman, on June 1, 1989, the Committee on Government Operations ordered the Committee on Ways and Means amendment No. 3 to H.R. 1278 favorably reported. That amendment would move the financing plan in the bill from an off-budget entity to an on-budget governmental entity, with an exemption from the triggering of automatic budget cuts under the Balanced Budget and Emergency Control Reaffirmation Act of 1987, commonly known as Gramm-Rudman-Hollings.

The committee rejected the off-budget approach to financing the bailout because it would cost the taxpayers significantly more money. According to the General Accounting Office having the outlays of the Resolution Funding Corporation off-budget will cost the taxpayers approximately $4.5 billion over a 30-year period because under the administration's plan, REFCORP would have to borrow money at a higher interest rate than would the Treasury.

The committee considered and rejected the administration's argument that since having the REFCORP debt on-budget would cause a paper increase in the deficit, national and international markets would react negatively and interest rates would rise. The committee believes that the administration has not provided convincing evidence that the markets would be adversely effected by placing the REFCORP on budget. Moreover, the General Accounting Office and other economists have convincingly argued that the financial markets obviously recognize the fiscal realities of financing this bailout, and would not react negatively to an on-budget approach.

During our committee consideration of this issue it was also argued that putting the financing on-budget would mean that the savings and loan industry would be required to pay less money to help finance this bailout. However, as the Ways and Means Committee report noted the Federal Home Loan Banks would actually pay a larger amount of the cost of this bailout because the aggregate annual limitation on Federal Home Loan Bank payments was deleted.

The committee also considered and rejected the administration's argument that an exemption for the Gramm-Rudman-Hollings Act would set a precedent for other exemptions, and weaken the process for an orderly reduction of the deficit. The committee rejected this argument since this exemption sets no worse a precedent than putting the outlays off-budget, yet saves the taxpayers approximately $4.5 billion. In addition, since the massive cost of this bailout could not reasonably have been foreseen by Congress at the time the Gramm-Rudman-Hollings targets were established, it makes sense to make an exemption for a bailout of this unprecedented magnitude. Moreover, the Congressional Budget Office has argued that since the $50 billion borrowed by REFCORP would be given right back to the private sector, there is no macroeconomic effect, and thus Gramm-Rudman-Hollings targets would not be effected.

Unfortunately, this amendment does not come close to solving the basic problems of this bill. A climate of fear and panic has been created in the halls of Congress by the escalating costs of this bill, and the political pressure being placed on this body by an administration seeking to avoid its responsibility to craft a bill which realistically balances the interests of the taxpayers, with the need to save the savings and loan industry. The result is a bill which puts an unfair burden on the taxpayers to fund this bailout, and turns its back on racial minorities

by failing to include even the most modest improvements to Federal legislation designed to end racial redlining practices by banks.

While I recognize the need to work as quickly as possible on this bill, I am coming to the conclusion that unless we make substantial improvements to it, we should scrap this whole thing and start over again.

The Congressional Budget Office estimates that at a minimum the taxpayers will have to pay for more than 70 percent of the funds necessary to resolve this crisis over the life of the bailout plan. This is like Robin Hood in reverse, forcing the poor taxpayers to give to the rich bankers, and is unfair by any standard. We should not become silent partners in the administration's fleecing of the American taxpayer.

Let us be clear, the savings and loan crisis had three fundamental causes, criminal fraud, deregulation and lack of effective oversight. The American taxpayers had nothing to do with this crisis, yet they are being asked to foot the bill. As the Reverend Jesse Jackson has stated "Let those who had the party pay for the party."

We are told that the taxpayers must pay for the bailout because the savings and loan industry is broke, and cannot be expected to pay more if we intend to save the industry. Why then do we not find the least expensive way to fund this bailout for the taxpayers? Most of the cost of this bailout is due to interest payments spread out over 30 years. The simple solution is to not spread out those payments over that period of time, but pay as we go. The reason that is not being done is that the President lacks the political will to honestly face the American people and tell them that the least expensive way to fund this bailout is to generate new revenues, that is taxes.

Now this body is poised to go along with this charade because we lack the political will to stand up to the President and force the tax issue. I think this is a serious miscalculation which will backfire as the taxpayers begin to realize how much money they will have to pay to bail out the savings and loan industry.

Finally, comes the whole issue of the failure of this bill to include even modest provisions to assist in preventing discriminatory redlining practices. I have done a survey of the recent literature on the issue of redlining. Studies in Atlanta, New York, Detroit and Chicago have dramatically documented how these redlining practices are crippling the inner city black communities. The Atlanta study found that qualified black mortgage applicants were as much as five times as likely as white applicants to be rejected for home mortgage loans by S&L's and banks.

This is an issue of critical importance to the civil rights community and for America. Because with redlining comes segregated housing patterns. With segregated housing comes inferior schools, which leads to inferior jobs and leads us back to the prediction of the Kerner Commission Report on civil disorders 20 years ago, of two societies, one white and one black, separate and unequal.

During the past 2 weeks we have witnessed in dramatic fashion how the Supreme Court in two major civil rights cases, Price Waterhouse versus Hopkins, and Wards Cove versus Antonio, has turned its back on racial minorities by creating almost insurmountable barriers to proving a case of employment discrimination, and defending challenges to court approved affirmative action programs. Now Congress is set to approve what the General Accounting Office now estimates to be a $285 billion bailout of the savings and loan industry with not one amendment on one of the leading civil rights issues of our time.

Only one of several antiredlining amendments was made in order by the Rules Committee. That amendment will be offered by Representatives JOSEPH KENNEDY, and would require that financial regulatory agencies publicly disclose their ratings of compliance with the Community Reinvestment Act, an antiredlining statute. The amendment does not come close to adequately dealing with the problem of discriminatory redlining. It does not answer the question of how we get effective enforcement by the regulatory agencies of the Community Reinvestment Act, and other antiredlining statutes. It does not answer the question of how we require the banks and S&L's to keep more detailed records on the race and sex of mortgage applicants.

However, without this amendment I believe I have a moral obligation to oppose this bill.

The CHAIRMAN. The general debate time controlled by the Committee on Government Operations, in light of the fact that the minority Members now present are considered as having yielded back their time, has expired.

The Chair recognizes the gentleman from Tennessee [Mr. GORDON], a member of the Committee on Rules, for 5 minutes.

Mr. GORDON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as is the custom of the House, the Rules Committee receives referral of all bills and resolutions that change or affect the rules of the House.

H.R. 1278 as originally introduced contained no matters that touched on any rules of the House. However, because of subsequent action by the Committee on Banking, Finance, and Urban Affairs and the Committee on Ways and Means, the Rules Committee received a referral on this bill relating to two provisions that fell within the jurisdiction of the committee.

The first provision, section 501 of the banking committee substitute provides for a new section 21A(u) of the Federal Home Bank Act, which provides for certain procedures for congressional review of personnel structures of the newly created Resolution Trust Corporation.

The Committee on Banking, Finance, and Urban Affairs provision would prohibit the Resolution Trust Corporation from implementing any employee compensation and benefit package until that plan is submitted to Congress, and Congress has had an opportunity to disapprove the plan by enactment of a joint resolution. Because this provision could be construed as a rule within both Houses of Congress, the matter would fall within the jurisdiction of the Rules Committee.

The second provisions are the amendments that were proposed by Committee on Ways and Means, that would affect the budgetary treatment of the proposed Resolution Funding Corporation.

The Ways and Means Committee amendment proposes a section 502(c) of the bill that affects both the format of the concurrent resolution on the budget and the calculation under the Gramm-Rudman-Hollings law.

Mr. Chairman, because these provisions have to do with the enforcement of the maximum deficits amounts specified by the statutes that operate within Congress, they would be considered an exercise of the rulemaking of both Houses of Congress and are within the jurisdiction of the Committee on Rules.

Mr. Chairman, although recognizing that these two provisions were purely within the jurisdiction of the Rules Committee, and to ensure that this bill would not be delayed any further. The Rules Committee filed its report on H.R. 1278 without amendment and without recommendation.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. QUILLEN] a member of the Committee on Rules, for 5 minutes.

Mr. QUILLEN. Mr. Chairman, the gentleman from Tennessee [Mr. GORDON] has ably explained the provisions of this bill that fall within the original jurisdiction of the Committee on Rules. The provisions in the bill that fall within the committee's jurisdiction deal with only two items.

Mr. Chairman, the first is a legislative veto of the personnel structures of

the Resolution Trust Corporation. The second is the revision of the Gramm-Rudman-Hollings law.

The Committee on Rules reported these provisions without amendment and without recommendation. As a result, the Committee on Rules' action on the parts of the bill falling within its jurisdiction was brief and without controversy.

Mr. Chairman, with regard to the rule on this bill, the Rules Committee spent 3 days hearing the various witnesses and reported a rule which provides for the consideration of various amendments.

Mr. Chairman, one is my amendment to grandfather in the agreements reached by the Federal Home Loan Bank Board with healthy savings and loan associations who took over failing savings and loan associations. My amendment was made in order, and I shall discuss that tomorrow.

There is another amendment with which I do not agree, but the Committee on Rules in fairness made in order. That is the amendment by the gentleman from Massachusetts [Mr. KENNEDY] which makes reporting measures for the banking industry so complicated that they cannot live with it, and I hope that is defeated.

The CHAIRMAN. The gentleman from Tennessee [Mr. GORDON] is recognized for 3 minutes.

Mr. GORDON. Mr. Chairman, I yield my time to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I wanted to address the point that has been raised obliquely, but not directly, so far in this debate about the bill, namely the question of whether or not to exempt it from Gramm-Rudman.

I think a consensus is building here in the House to not exempt it from the budget; that is, put it on budget. But the question remains open as to whether or not we should put it under Gramm-Rudman. The administration proposes the worst of all worlds, I think, by not only having it both off Gramm-Rudman and off budget.

The real purpose of Gramm-Rudman, we have to remind ourselves, is to force us as a Nation to borrow less money for public purposes. If we put the huge S&L package on budget but leave it off Gramm-Rudman, my colleagues, you know and I know that we will end up borrowing virtually the entire amount rather than asking ourselves to bite any tough fiscal bullets. We'll avoid taxes on spending cuts. We will end up borrowing it. At the margin every additional dollar we borrow is borrowed from overseas. Every dollar we borrow from overseas causes approximately one more dollar on the international trade deficit. Every $40,000 on the trade deficit eliminates one American job.

Borrowing, opposed to other ways of financing, also directly raises interest rates and thus crowds our private investment, lowers the productivity of our society and reduces our future standard of living. Whether we borrow the FSLIC bailout cost is borrowed "off budget" or "on budget," it is still additional borrowing in the financial markets, and has an identical effect on interest rates.

Mr. Chairman, we are playing games if we think that moving borrowing off or on budget has any real effect on interest rates. The real effect on the interest rates depends on the total demand for loanable funds versus the total supply, and that is what is going to drive interest rates. If we want to reduce interest rates, move capital into private purposes, increase productivity of our Nation, reduce dependency on foreign money, and stop indenturing future generations of our country to foreign lending, then we have to bite some real fiscal bullets. That means either spending cuts—and I would hope that we would get some support on that side of the aisle—and/or some tax increases. Those, I think, are a much more honorable and much more effective and efficient way of financing this entire package than borrowing.

That is why we should not exempt the FSLIC bailout from Gramm-Rudman. Only if we put ourselves under the discipline of Gramm-Rudman will we force ourselves to make a choice between borrowing, taxes, and program cuts. Only then will we require ourselves to choose that optimal mix between those three forms of financing. If we keep it out from Gramm-Rudman—and worst of all if we take it off the budget—we will never make those choices. We will never optimize those three ways of financing. We will put it all on borrowing, as my colleagues well know, and we will do a great disservice to our Nation.

So, I would hope that as Members consider the bill they will face up to the issue of the Gramm-Rudman discipline.

After all, we want to pay support to the purpose of Gramm-Rudman, which is to reduce borrowing, not pay support to simply the formal symbolism of Gramm-Rudman.

The CHAIRMAN. All time for general debate has expired.

Mr. GORDON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. POSHARD] having assumed the chair, Mr. KILDEE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1278) to reform, recapitalize, and consolidate the Federal deposit insurance system, to enhance the regulatory and enforcement powers of Federal financial institutions regulatory agencies, and for other purposes, had come to no resolution thereon.

AMENDING AND EXTENDING GOVERNING INTERNATIONAL FISHERY AGREEMENT BETWEEN THE UNITED STATES AND THE FAROE ISLANDS AND DENMARK CONCERNING FISHING—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 101-72)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

(For message, see proceedings of the Senate of today, Wednesday, June 14, 1989.)

PERMISSION FOR SUBCOMMITTEE ON ECONOMIC AND COMMERCIAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the Subcommittee on Economic and Commercial Law of the Committee on the Judiciary be permitted to sit on Thursday, June 15, 1989, while the House is proceding under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

LET US BE AN ENVIRONMENTAL CONGRESS FOR AN ENVIRONMENTAL PRESIDENT

(Mr. BOEHLERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. BOEHLERT. Mr. Speaker, on Monday the President of the United States earned the eternal gratitude of all Americans concerned about the quality of our environment.

Now this is not just my opinion. This is the opinion of some of the leading journalists from across America.

I quote from an editorial in the Washington Post entitled "The President's Clean Air Plan."

"The question seems no longer to be whether there will be the new law that circumstances require, but how soon and what kind?" Particularly does the Washington Post give praise to the President for his acid rain initiative?

In this morning's New York Times under an editorial entitled "Mr. Bush Clears the Air," the Times observes,

"For years the fight against dirty air has missed a crucial element: a President who thinks the Nation deserves clean air."

In addition to the editorial in today's Times this concludes what poll after poll has shown that Americans are willing to pay for cleaner air.

Mr. Speaker, Mr. Bush is now asking for cleaner air. The question is whether Congress is prepared to legislate cleaner air.

Let us prove to this environmental President that we will be an environmental Congress.

[From the Washington Post, June 13, 1989]

THE PRESIDENT'S CLEAN AIR PLAN

For now the most important thing about the clean air proposal that President Bush made yesterday is not how strong it is but simply that, against the grim backdrop of the last eight years, he made it. The answer as to strength seems to be that some provisions—on acid rain, for example—are stronger than the others, with a lot depending on details to come. Overall about medium, as you might expect. The individual provisions will be much debated in the coming months as either too permissive, too restrictive, unworkable, unable to produce the promised results or, if the president has gauged the politics correctly, just about right. But Mr. Bush, simply by joining the debate in a serious way, has moved the middle ground. The question seems no longer to be whether there will be the new law that circumstances require, but how soon and what kind.

The Reagan administration (of which Mr. Bush was an uncomplaining part) tried to roll back the major environmental statutes as part of its (selective) deregulation campaign. In certain other areas this campaign succeeded; on environmental issues it largely failed, as a resisting Congress fought the White House to a messy and uncertain draw. The established laws weren't killed, but neither were they updated. The government marked time, which on some issues meant that it lost ground.

Mr. Bush now proposes three initiatives—to reduce acid rain, city smog and so-called toxic air pollutants, special health threats half of which are said to come from motor vehicles and half from both routine and accidental industrial emissions.

On acid rain the president is pretty clear about both his goal—cutting the emissions responsible for it nearly in half by the year 2000—and how he wants to get there. He would set emissions standards for offending utilities but allow the utilities "freedom of choice" in how to meet them. He would also create a market in pollution rights so that, in theory, those companies that could cut pollution most cheaply would be the ones to act. Not a bad proposal.

On smog it is less clear that the steps he is proposing would produce the results he says they will. More than 80 urban areas with more than 100 million people are now out of compliance with the federal standards, though not all in major ways. The goal is to have all but the worst three—Los Angeles, Houston and New York—in compliance by the year 2000 and those three by 2010. At least part of the plan for achieving this is speculative; it would require a selective shift in motor vehicles from gasoline to alternative fuels.

As to toxics, the president proposes a three-fourths reduction within 10 years, in large part by having the Environmental Protection Agency promulgate control standards for the most heavily polluting industries. The problem is that there are many, many chemicals involved; EPA has been supposed to publish similar standards ever since the early 1970s, and so far has managed to publish only seven of them. It is not clear what will change.

But the president has opened the door to change on all these issues, and on Day One that may be accomplishment enough. He said in the campaign that he would take this useful step of breaking the impasse on clean air, and now it seems he has.

[From the Washington Post, June 14, 1989]

MR. BUSH CLEARS THE AIR

For years, the fight against dirty air has missed a crucial element: a President who thinks the nation deserves clean air. George Bush's proposals to overhaul the antiquated Clean Air Act of 1970 aren't perfect. But they represent a major departure from years of official indifference. They will force industry to think creatively about new technologies. And they challenge Congress to end more than a decade of legislative paralysis.

Mr. Bush's plan would tackle three major kinds of air pollution:

ACID RAIN

Acid rain is caused mainly by oxides of sulfur and nitrogen that change chemically as they move through the air and then fall to earth in rain, snow or fog—damaging lakes, streams and forests. For eight years the Reagan Administration engaged in endless studies and took no action. As environmentalists had hoped all along, the Bush plan would require that coal-burning power plants, most of which are concentrated in the Middle West, cut sulfur dioxide emissions in half by the end of the century. Companies would be free to decide how to meet that goal. They could invest in scrubbers to clean the emissions, switch to low-sulfur coal or use various market incentives.

SMOG STANDARDS

Eighty-one metropolitan areas exceed Federal health standards for ozone, the main component of urban smog. The President's plan would require all but three to meet the standards by the year 2000. The exceptions—Los Angeles, New York and Houston—would be given until 2010, but would have to show annual progress.

The plan focuses heavily on motor vehicles, which are responsible for more than half of ozone's harmful ingredients. New and stricter tailpipe standards, for example, would require a 40 percent cutback in hydrocarbon emissions by 1993 and a 30 percent reduction in nitrogen dioxides. These targets fall well short of cutbacks proposed by aggressive environmentalists like Representative Henry Waxman, a California Democrat. But even Mr. Waxman has said the Bush proposal is something to build on.

Mr. Bush's most dramatic idea would require the gradual phasing in of cars built to run on so-called "clean fuels" like methanol, natural gas or ethanol, which do not emit hydrocarbons. Detroit would be required to make 500,000 alternate-fuel cars by 1995, and one million a year by 1997.

The alternative fuels plan brought howls from the oil companies; even environmentalists warn that some "clean fuels" may pose new hazards. Methanol, for example, is rich in carbon dioxide, a major contributor to the feared greenhouse effect. Yet there can be little harm in forcing the automobile and oil industries to think seriously about new technologies. And the gains could be immense.

INDUSTRIAL TOXICS

The Environmental Protection Agency estimates that each year industry emits 2.7 billion pounds of toxic chemicals into the air. Mr. Bush's plan would require polluters to install the best available technology and cut these emissions by 75 percent in 10 years.

These proposals are estimated to cost $14 billion to $18 billion a year. Industries, and inevitably consumers, will pay most of the cost. But poll after poll has shown that Americans are willing to pay for cleaner air. Mr. Bush is now asking for cleaner air. The question is whether Congress is prepared to legislate cleaner air.

U.S. ALTERNATIVE FUELS COUNCIL MEMO NO. 61489: TAKING NATURAL GAS FOR A TEST DRIVE

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, speaking today as a member of the U.S. Alternative Fuels Council, I wish to commend the leadership of President Bush in providing us with initiatives in the Congress to improve the quality of air that Americans breathe.

Nearly all of the carbon monoxide and more than half of the smog is caused from auto emissions. This can be corrected with present technology. We have many options available to us; among them are ethanol, methanol, and compressed natural gas.

I was impressed recently by an article that was published in the New York Times about the initiatives that are being taken by the natural gas industry to demonstrate that natural gas is an economical, convenient, and safe alternative to conventional automotive fuels.

Mr. Speaker, I include that article in the RECORD for the benefit of my colleagues:

[From the New York Times, May 31, 1989]

TAKING NATURAL GAS FOR TEST DRIVE

(By John Holusha)

BURNABY, BRITISH COLUMBIA.—Doug Williams pulled into a Shell station in this Vancouver suburb on a recent Friday evening to fill his 1973 Ford LTD for the weekend. But instead of using a gasoline pump, he opened the hood and attached what looked like an air hose to a fitting in the engine compartment.

Like thousands of other residents of the area, Mr. Williams powers his car with compressed natural gas, a fuel normally associated with home heating and cooking. Attracted by a price half that of gasoline, he is participating in a project intended to demonstrate that natural gas is an economical, convenient and safe alternative to conventional automotive fuels.

The experiment, the largest of its kind in North America, is taking place at a time when rising concerns about air pollution,

the greenhouse effect and increased dependence on oil imports in the United States are renewing interest in alternative fuels like natural gas, ethanol and methanol. While the United States Government has limited its support to small demonstration projects, Canada's Government has provided financial incentives for relatively large efforts like this one.

The experiment here, which has been growing in scope since it began in the early 1980's, demonstrates that any alternative fuel will need time, financial incentives and imaginative marketing to win acceptance. But it also indicates that some drivers will indeed alter their habits. About half the 8,000 natural gas-powered vehicles here are privately owned cars. The rest are fleet vehicles, taxis and delivery trucks.

Soon, drivers will even be able to refuel at home.

Mr. Williams said he was generally pleased with the conversion of his car, which can now use natural gas or gasoline. "I was only getting 12 or 13 miles a gallon in the city on gasoline, so I liked the savings from the half price," he said. The car starts easily in the cold because the fuel is already gasified, he added, and needs less maintenance because the fuel is clean.

But the capacity of the two natural gas tanks in the trunk has not been adequate for his large car. "I have to fill it up every three or four days," he said. "I wish they had put in a third tank."

A shorter driving range is the most common complaint about natural gas conversions, according to the United States Energy Department.

Like Canada, the United States has vast reserves of natural gas that could be substituted for fuels made from imported oil. "We have 163 trillion cubic feet of proven reserves; that is a 10-year supply," said Michael Waters, a spokesman for the Natural Gas Supply Association, a group of producers. "And there are estimates that there are another 900 to 1,000 trillion cubic feet unproven in the ground. We can go a long way on natural gas."

Because the infrastructure for distributing gasoline and diesel fuel is so well established, even advocates of alternative fuels doubt that they will gain adherents on a lower price alone. But a national energy policy to limit oil imports and exhaust emissions could increase pressure on motorists to switch.

Because natural gas is composed mostly of methane, a simple hydrocarbon, vehicles powered by natural gas emit less of certain pollutants than those burning gasoline or diesel fuel. Industry officials say natural gas vehicles can meet emission standards without the catalytic converters needed on gasoline-powered vehicles.

But natural gas needs a lift. "Government support is critcial in establishing any alternative fuel," said Jeffrey Seisler, executive director of the Natural Gas Vehicle Coalition, a group of companies interested in promoting the use of natural gas-powered vehicles. "It is always more expensive to launch something new. But government can make a difference in the economic pull toward clean fuels and the environmental push."

THE USE OF SUBSIDIES

Federal and provincial subsidies have been heavily used to promote natural gas as a motor fuel here, along with aggressive marketing by the local utility, BC Gas Inc. "The Government wanted to promote energy independence and we wanted to sell gas," said J.R. Higginson, manager of the company's motor fuel program. "We saw vehicles as a new market."

The big obstacle to the introduction of any alternative fuel is what is inevitably referred to as the chicken-and-egg problem. Without wide spread availability of a fuel, motorists are reluctant to convert from gasoline. But without a mass market, fuel suppliers hesitate to make the investment in distribution operations.

BC Gas worked on both sides of the problem. With gasoline selling at about 52 cents a liter in British Columbia (about $1.71 a gallon in United States dollars), the amount of natural gas needed to drive the same distance was priced at 25 cents. Accounting for part of the difference is that the provincial government does not tax natural gas fuel; there is a tax equivalent to 2 United States cents a gallon on gasoline.

Government grants are used to help cut the cost of converting a car or truck to $1,175 in United States dollars from about $2,100, and the province charges no sales tax on the conversion kits. In addition, the utility provides low-cost financing. And it leases the storage cylinders, the most expensive part of the conversion, for $9 a month.

SIMPLIFYING THE CHANGE

At the same time, BC Gas persuaded several oil companies, including Shell, Chevron and Petro-Canada, to add natural gas pumps at some of their high-volume stations. The pumps were designed to look like those for gasoline or diesel fuel, and quick-release couplers were used to simplify refueling. "You can self-serve the fuel and pay with a credit card," Mr. Higginson said.

Because of the cost of installing a compressor at each filling station, only those with heavy traffic are likely to be equipped to dispense natural gas, BC Gas officials said. As a result, the gasoline apparatus is left on cars so drivers can run on gasoline in areas where compressed gas is not available.

The result is a compromise that does not take full advantage of natural gas's attributes, advocates said. Because gas has an octane rating of 130, compared with about 90 for gasoline, higher-compression engines could be used if it were the sole fuel, improving performance and mileage. BC Gas officials said the converted cars now lose about 10 percent of their power when operating on gas.

U.S. CAR MAKERS CAUTIOUS

American auto manufacturers have built a few prototype vehicles powered by alternative fuels, but have been reluctant to go into higher-volume production without more evidence of public demand. So conversions from conventionally fueled models are the most likely to be available in the near future.

Driving a car powered by natural gas is not much different from driving a conventional model. A small dial switch on the dashboard controls which fuel is to be used. The car is slightly less responsive than when gasoline is used.

The gas is stored in one or more cylinders, usually mounted in the trunk, at 3,000 pounds per square inch of pressure when full. Despite the high pressure, gas officials said, the system is at least as safe as the exising gasoline system in a car. The natural gas tanks are much stronger than sheet-metal gasoline tanks, they said, and natural gas has a much higher ignition point, which means it is less likely to be touched off by a spark if it leaks.

BEST CANDIDATES FOR GAS

Even with the conversion subsidy and lower price for natural gas, BC Gas officials acknowledge, natural gas is not for everyone. "Most of our users are commercial vehicles and commuters who do a lot of driving near the city," Mr. Higginson said. "Anyone spending $150 or more a month for gasoline is a good candidate."

At that rate of usage, he said, a car owner would pay for the conversion in about two years. Taxis, delivery vehicles and big, old cars with thirsty engines like Mr. Williams's fit this profile, while fuel-efficient subcompacts could neither accommodate the tanks and other equipment nor justify the investment.

NEXT: REFUELING AT HOME

BC Gas's fueling network now amounts to 54 stations in the Vancouver area, but company officials concede that finding the right station when the tank is running low can be bothersome. So later this year the company is planning to offer home refueling stations. They will be tapped into the line feeding a home's heating unit and cooking appliances.

The $2,000 station is basically a compressor that can increase the gas pressure from a few pounds per square inch as it comes into the house to the needed 3,000 pounds. The home stations are planned for slow overnight fills, in contrast with the one- or two-minute fills at gas stations.

Barry Cavens, an engineering manager at the utility, said the station, designed by the Sulzer Group of Switzerland, had been carefully engineered for safety.

□ 1930

NEW DEMOCRATIC LEADERSHIP REPRESENTS SWEEPING CHANGE IN THE HOUSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. OBEY] is recognized for 5 minutes.

Mr. OBEY. Mr. Speaker, the new Democratic leadership team in the House represents a dramatic transfer of power to a new generation of Americans. The election as Speaker of the gentleman from Washington [Mr. FOLEY] brings to that position the first of a generation which totally democratized and reformed House rules and procedures more than a decade ago.

In the midseventies, a group of young Turks led the rebellion against the unaccountable power of some of the committee czars and reformed House rules, including people like Dick Bolling of Missouri, Phil Burton of California, TOM FOLEY and myself. TOM FOLEY is the first member of that reform group to become Speaker of the House and will represent a substantial break with the past.

The election of the gentleman from Missouri [Mr. GEPHARDT] as majority leader is an even more dramatic illustration of the change which has swept the House as the post-World War II generation takes over for the first time.

We have heard a lot of recent years about the high reelection rate of

House incumbents, but that has masked the crucial fact that we have had an almost total turnover of membership during the last decade and a half. In a research paper for his high school social studies class, my son, Douglas, found that fewer than 30 House Members who serve today were in the House in 1964 when the watershed Gulf of Tonkin resolution was enacted. In the Senate, there are only 6. Only about 80 Members, or 20 percent of the current House, were here in 1973. Almost two-thirds of those in the House have come since 1978 and 45 percent, almost half of those who served in the House in Ronald Reagan's first year, are now gone.

David Broder, the Pulitzer Prize winning columnist for the Washington Post, observed several years ago in his book, Changing of the Guard, that power would soon be passed to a new generation. Last week's election of TOM FOLEY and today's election of DICK GEPHARDT will mean that change has in fact occurred.

DICK GEPHARDT, who was first elected to the House in 1976, personifies the dramatic turnover in Membership since the 1970's.

It is in committee that crucial legislation is developed and crucial policy decisions are made. The Gulf of Tonkin resolution took this Nation into the Vietnam War, yet only three members of the Foreign Affairs Committee in the House today were in the House when Congress passed that watershed legislation in 1964.

In 1973 we also had a critical year because that was the year the United States was hit by the first energy crisis. That same year, Congress also passed the War Powers Act to prevent a repetition of the kind of excessive use of Presidential power which brought us into Vietnam. At the same time, the Watergate scandal was unraveling which resulted in the first resignation of an American President under the threat of impeachment. Only 6 of the 35 Members serving on the Judiciary Committee today were here for those tumultuous events. The Energy and Commerce Committee dealt with the oil embargo crunch twice during the 1970's but of the 43 committee members now, only 4 were there in 1973, and only 12 in 1977.

In this day of tremendous opportunity for changing our relationships with the Soviet Union, TOM FOLEY is superbly qualified for leadership as a former Soviet scholar, and DICK GEPHARDT has demonstrated his ability by taking the lead on such fundamental issues as tax reform and trade legislation.

BILL GRAY, who was elected as whip today, has already demonstrated his tremendous leadership abilities in the years he led the Budget Committee. In fact, BILL GRAY'S election represents the election to a leadership position in this House of one of the most effective black politicians in this country, a man who just a generation ago would have in many cities in this country been denied a seat at the front of the bus, not even to mention a seat at the front of the House of Representatives. Both TOM FOLEY and DICK GEPHARDT represent not simply the transfer of power from one person to another, but a much more basic transfer of power to a new generation of Americans. That means new leadership. It means a new generation. It means new approaches and the country is going to be stronger for it.

NEW PUBLICATION OF U.S. HISTORICAL SOCIETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. FRENZEL] is recognized for 5 minutes.

Mr. FRENZEL. Mr. Speaker, today as our nation observes Flag Day I would like to call attention to a new publication of the United States Capitol Historical Society, "The Flag of the United States and State Flags, Seals & Mottoes."

As most of us are aware, the Society has provided scholarly and informational publications over the years. Although this latest addition is modest in size—and in price—it nonetheless contributes a wealth of information about our national and State flags. As a member of the Board of the Society, I encourage each of you to remember the availability of this concise reference work. It is on sale at the gift counter in the East Front of the Capitol. The Society will also be pleased to provide bulk sale information upon your request.

BALTIC STATES FREEDOM DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, today, June 14, marks another sad anniversary of the illegal occupation of Estonia, Lithuania, and Latvia by the Soviet Union.

On this date in 1940, 49 years ago, the Soviet Union began its intense effort to systematically destroy the Baltic States. The year before, the Russians entered into the notorious Molotov-Ribbentrop Pact with Nazi Germany, which enabled the Communists to illegally seize and occupy the Baltic nations.

In order to insure the success of their intentions to completely wipe out the langauge, literature, culture, and heritage of the peoples of Estonia, Lithuania, and Latvia, the Soviets ordered the executions of intellectuals and other patriots of these countries. Also, efforts were made through deportations to scatter the populations of these three nations to remote parts of the Soviet Union.

The United States has never recognized the illegal incorporation of these nations into the Soviet Union, and I was privileged to add my name as a cosponsor of House Joint Resolution 184, a bill to designate June 14, 1989, as "Baltic Freedom Day," to urge that the Soviet Union renounce its occupation of the Baltic States. A copy of that resolution follows:

H.J. RES. 184

Whereas the people of the republics of Lithuania, Latvia, and Estonia (hereinafter referred to as the "Baltic Republics") have cherished the principles of religious and political freedom and independence;

Whereas the Baltic Republics existed as independent, sovereign nations and as fully recognized members of the League of Nations;

Whereas 1989 marks the 50th annivesary of the infamous Molotov-Ribbentrop Pact in which the Soviet Union colluded with Nazi Germany, thus allowing the Soviet Union in 1940 to illegally seize and occupy the Baltic Republics and to incorporate such republics by force into the Soviet Union against the national will and the desire for independence and freedom of the people of such republics;

Whereas due to Soviet and Nazi tyranny, by the end of World War II, 20 percent of the total population of the Baltic Republics had been lost;

Whereas the people of the Baltic Republics have individual and separate cultures and national traditions and languages which are distinctively foreign to those of Russia;

Whereas since 1940, the Soviet Union has systematically implemented Baltic genocide by deporting native Baltic peoples from Baltic homelands to forced labor and concentration camps in Siberia and elsewhere;

Whereas by relocating masses of Russians to the Baltic Republics, the Soviet Union has threatened the Baltic cultures with extinction through russification;

Whereas through a program of russificiation, the Soviet Union has introduced ecologically unsound industries without proper safeguards into the Baltic Republics, and the presence of such industries has resulted in deleterious effects on the environment and well-being of the Baltic people;

Whereas the Soviet Union, despite recent pronouncements of openness and restructuring, has imposed upon the captive people of the Baltic Republics an oppressive political system which has destroyed every vestige of democracy, civil liberty, and religious freedom;

Whereas the people of the Baltic Republics are subjugated by the Soviet Union, are locked into a union such people deplore, are denied basic human rights, and are persecuted for daring to protest;

Whereas the Soviet Union refuses to abide by the Helsinki accords which the Soviet Union voluntarily signed;

Whereas the United States stands as a champion of liberty, is dedicated to the principle of national self-determination, human rights, and religious freedom, and is opposed to oppression and imperialism;

Whereas the United States, as a member of the United Nations, had repeatedly voted with a majority of that international body to uphold the right of other countries of the world to self-determination and freedom from foreign domination;

Whereas the Soviet Union has steadfastly refused to return to the people of the Baltic Republics the right to exist as independent republics, separate and apart from the Soviet Union, or to permit a return of personal, political, and religious freedoms; and

Whereas 1989 marks the 49th anniversary of the continued policy of the United States of not recognizing the illegal forcible occupation of the Baltic Republics by the Soviet Union: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That—

(1) the Congress recognizes the continuing desire and right of the people of the Baltic Republics for freedom and independence from the domination of the Soviet Union;

(2) the Congress deplores the refusal of the Soviet Union to recognize the sovereignty of the Baltic Republics and to yield to the rightful demands for independence from foreign domination and oppression by the people of the Baltic Republics;

(3) June 14, 1989, the anniversary of the mass deportation of Baltic peoples from their homelands in 1941, is designated as "Baltic Freedom Day", as a symbol of the solidarity of the people of the United States with the aspirations of the enslaved Baltic people; and

(4) the President is authorized and requested—

(A) to issue a proclamation calling upon the people of the United States to observe Baltic Freedom Day with appropriate ceremonies and activities; and

(B) to call upon the Soviet Union, the Federal Republic of Germany, and the Democratic Republic of Germany to renounce the acquisition or absorption of the Baltic Republics by the Soviet Union as a result of the Molotov-Ribbentrop Pact.

During the last year, we have witnessed many courageous actions by the people of the Baltic States to institute democratic reforms. In the face of Soviet authority and suppression, Estonia, Lithuania, and Latvia have attempted to establish their individual national identities. The native languages of their countries have been designated as the official language. In this era of glasnost, a democratic movement has swept across the satellites of the Soviet Union, and the governments which had for so long been under the tyranny of Communist oppression, are now demanding that they have the right to control their own destiny without interference and domination from the Kremlin.

I was glad to add my name as cosponsor of a congressional letter sent to President Bush, urging that the United States reaffirm its commitment to the independence of the Baltic States, and a copy of that letter follows:

President GEORGE BUSH,
The White House, Washington, DC.

DEAR PRESIDENT BUSH: For forty-nine years the United States has maintained the morally and legally correct position of not recognizing the forcible Soviet occupation and annexation of the Baltic States. This policy is one of which we can be proud. It is consistent with our basic belief in democracy, individual rights and respect for international law. Dramatic events in the Baltic States over the past year have proved America right in defending Estonia's, Latvia's, and Lithuania's right to self-determination. Therefore, we, the undersigned Members of Congress, believe that it is time for our government's Baltic policy to become more visible and active.

The people of Estonia, Latvia, and Lithuania have courageously taken the first steps to reestablish their nations among the family of democratic nation-states. Millions of Balts have joined in the activities of grassroots, democratic movements which have pushed the Communist authorities to respond to local needs. For instance, the native languages have been restored as official languages in the Baltic republics, the national flags and anthems are now legal, and Estonia and Lithuania have claimed the right to manage all of their own natural and economic resources without central control from Moscow.

As the people of the Baltic States struggle to build new institutions which will reflect their true concerns, it is vitally important that U.S. government policies not hinder these efforts for democratization in Baltic. In an era of glasnost, the U.S. should not find itself supporting factions in the Soviet Union which continue to lay claim to the Baltic States. In fact, our government should actively support initiatives to strengthen the efforts of the Baltic peoples.

While your Administration is reviewing East-West relations, we urge you to direct the Secretary of State to review United States policy towards the Baltic States and raise the status to one of a regional issue. This would reaffirm our government's commitment to the independence of the Baltic States. For forty-nine years the United States and the Soviet Union have disagreed over the status of the Baltic States. The Baltic peoples are now engaged in a historic effort to build democratic movements and regain their independence through a peaceful and orderly process.

We believe that you will agree with us that the cause of world peace is served by the spread of democracy in the Baltic region, and look forward to you action on behalf of these freedom-loving peoples.

Sincerely,

Mr. Speaker, I am privileged to join with Americans of Estonian, Lithuanian, and Latvian descent in the 11th Congressional District of Illinois which I am honored to represent, and throughout this Nation, in commemorating the 49th anniversary of Baltic States Freedom Day. The sad fate and memory of the victims of Communist persecution shall never be forgotten, as we hope and pray that recent developments in these countries will lead to a democratic triumph over this Communist tyranny, so that these three countries may once again join the community of free nations.

INTRODUCTION OF THE COASTAL DEFENSE INITIATIVE OF 1989

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. STUDDS] is recognized for 5 minutes.

Mr. STUDDS. Mr. Speaker, I am today introducing the coastal defense initiative of 1989, a bill that I consider to be the most important environmental legislation for our coasts since enactment of the Federal Water Pollution Control Act nearly two decades ago.

Joining me in this effort are Representatives WILLIAM HUGHES, CHARLES BENNETT, CLAUDINE SCHNEIDER, JOLENE UNSOELD, FRANK PALLONE, and JIM SAXTON.

The purpose of the coastal defense initiative is simple: To win the war against pollution in bays, sounds, inlets, estuaries, and harbors from Maine to California, and from the Gulf of Mexico to Puget Sound.

It reflects our determination to see that our children and grandchildren will know the same joys that we knew as children: The pleasures of a day at the beach; the security of oceans and lakes teeming with fish and shellfish; the beauty of coastlines unscarred by toxic wastes, petroleum, chemicals, and trash.

The oceans are nature's greatest gift to humankind, but they are not inexhaustible. If we treat them as a dump; they will, in time, become a dump. If we continue polluting the estuaries that are the nursery grounds of marine life; we endanger not just the future quality of life; we endanger the very survival of life.

The time has come to stop turning our eyes away; to stop pretending that somehow, someway, sometime, we will be spared the price that comes from dumping, discharging, pouring, leaking, and pumping poison into our coastal waters. The time has come to reverse course; to defend our coasts with the determination that we defend our country from the threat of foreign invasion and protect our families from avoidable accidents or disease.

The continued degradation of our coastal waters is not inevitable. It is a question of choice. We can continue with business as usual; or we can act now to impose a higher price on pollution; to establish stronger standards for protecting the quality of coastal waters; to give State and local governments the help they need to win the battle against pollution; and to enlist the support of citizens and communities across America in a campaign to save our coasts.

Coastal waters are vital because they provide the nursery grounds for all marine life. They are vulnerable because they receive pollutants not just directly, but from lakes and rivers and streams throughout America. They are special, and they deserve special protection.

The coastal defense initiative authorizes a comprehensive attack on coastal pollution. It would supplement, not replace, current pollution control efforts. It is bipartisan. And it is largely self-financing.

The CDI would, for the first time, enlist State coastal zone management programs in the battle to improve coastal water quality.

It would, for the first time, impose serious penalties for failure to comply with Federal water pollution control laws.

It would, for the first time, establish the principle that no one has the right to discharge pollutants into coastal waters. That privilege comes with a price and discharges must not, under any circumstances, exceed safe levels.

The CDI would raise $200 million a year primarily through a tax on pollution; and it would send most of that money directly to the State and city governments that are on the front lines in the effort to improve coastal water quality.

The CDI is based on several important studies of coastal pollution that have been conducted in recent years including the Office of Technology Assessment's report, "Wastes in Marine Environments"—April 1987—and a report prepared by two subcommittees of the House Committee on Merchant Marine and Fisheries, "Coastal Waters in Jeopardy: Reversing the Decline and Protecting America's Coastal Waters"—December 1988.

The CDI recognizes that the used hypodermic needles, vials of blood, bandages, and other medical wastes that washed up on the Atlantic coast last summer are but the most

visible manifestations of coastal pollution. The deadly assault on our coasts comes from all directions; from toxic wastes spewing out of pipes from industrial facilities and municipal treatment plants; from agricultural and urban runoff of pesticides and heavy metals; from nitrogen and sulfur deposits carried through polluted air; from contaminated sediments resting on the bottom of bays, lakes, and harbors; and from oil pollution incidents such as the recent tragedy in Prince William Sound.

Underlying the CDI is the knowledge that the problems we face are not limited to one coast or one region. From the contaminated waters of Boston Harbor to the pollution of San Francisco Bay; from the closed shellfish beds of the Chesapeake to the growing "dead zone" in the Gulf of Mexico; from the Puget Sound Superfund sites to the PCB-ridden striped bass of New York; coastal pollution is pervasive and growing more deadly with each passing year.

Members of Congress—and citizens—from all parts of our Nation have a stake in the outcome of the CDI. In my own congressional district, we are struggling to clean up and restore New Bedford Harbor; we are losing millions of dollars every year from closed shellfish beds throughout southeastern Massachusetts; and we are confronted with predictions that the population of Cape Cod may nearly double in the next 20 years.

This explosion of coastal development, the continued loss of wetlands, inadequate law enforcement, a lack of coordination in Government policy, and the lack of funds for pollution control have all contributed to the degradation of our coastal waters. If present trends continue and corrective actions are not taken, irreparable damage may be done to the economic and environmental health of coastal communities.

The purpose of the CDI is to permit continued growth in economic opportunity along our coasts, but to guarantee that this growth is accompanied by the kind of careful planning and controls that will enhance the quality of life for coastal residents.

I recognize that enacting CDI will not be easy. It is a far-reaching bill that spans the jurisdiction of several congressional committees and that affects the interest of virtually everyone who lives on or near the coasts.

Moreover, CDI is but one of many legislative efforts underway to protect our coasts. Others include our longstanding effort to enact comprehensive oil pollution liability legislation; and legislation I will soon introduce to expand the coastal barriers resources system.

But despite the difficulties, I believe that Congress is ready to act, because I believe the American people are ready to act. We are a maritime nation. And after a decade of neglect, I believe that we are ready to reclaim our beaches; to reclaim our coasts; and to reclaim our heritage as a people that respects and loves the sea.

COASTAL DEFENSE INITIATIVE OF 1989
EXECUTIVE SUMMARY, JUNE 14, 1989

PURPOSE

The purpose of the Initiative is to strengthen Federal and Federally-authorized state programs to reduce coastal pollution, restore degraded coastal areas and improve state and local land-use planning from a water quality perspective. In essence, the legislation addresses the coastal pollution problem from both the water side and the land side, strengthening Federal programs in both areas.

MAIN ELEMENTS

Coastal Water Quality. The bill strengthens marine water quality protections in three ways. First, it would require EPA to issue marine water quality standards which would serve as minimum Federal standards. (EPA traditionally defers to states to issue these standards based on EPA technical guidance, and states haven't done much at all, concentrating on fresh water standards instead.) States would then be required to restore and maintain coastal water quality by identifying and controlling the sources of the problem pollutants, working through their state water quality agencies and their state coastal zone agencies.

Second, it would impose more stringent requirements for those who discharge into coastal waters that are pristine by requiring that states not allow the areas to degrade and by ensuring that any new permits be based on a demonstrated need to discharge.

Third, it would authorize EPA to suspend all major Federal assistance programs for those coastal areas that EPA finds are in substantial and continuing noncompliance with minimum Federal water quality standards. This authority is patterned after the Clean Air Act, which authorizes EPA to do the same for "nonattainment areas", and is to be used only in those rare circumstances where the continuing failure of a state to achieve adequate coastal water quality justifies a sharp Federal response. Federal assistance programs for public health and safety are exempted.

Coastal Land-Use. The bill would reorient state coastal zone management programs to concentrate more on the water quality implications of coastal land-use. It would provide incentives to states to do two things. First, states would be encouraged to develop a series of model local and land-use ordinances for those coastal activities that have major implications for coastal water quality, and to provide technical assistance to local governments for implementing them.

Second, state coastal planners—or their local counterparts—would be asked to develop specific plans governing land use activities that affect water quality in areas where water quality is degraded or, conversely, pristine.

Coastal Monitoring. The bill would establish a national coastal monitoring program that would rely heavily on regional monitoring plans designed for those heavily pressured coastal areas most in need of detailed monitoring efforts. EPA and NOAA would select the coastal areas to be covered by a plan, and then assemble a regional monitoring team to draw up the plan. After approval by EPA and NOAA, the plan would be implemented locally by private dischargers (who would assume monitoring responsibilities as a part of their permit requirements), and by Federal and state agencies operating in the area.

Technical Assistance. The bill responds to the need for EPA, NOAA and state CZM officials to provide practical, technical assistance to local officials. It would require NOAA to establish a national coastal data computer system that would contain all of the information generated by the monitoring program and a series of computer-assisted tools available to local town officials to help them judge the water quality implications of their planning and permitting activities.

Funding. The bill establishes a "Coastal Defense Fund" through which it would channel money to state and local coastal programs. The bill would raise money from several sources, including:

Transfers from the Offshore Oil Pollution Compensation Fund (about $50 million);

Paybacks to the U.S. Treasury from the Coastal Energy Impact Program (about $5 million yearly);

Transfers of a portion of the receipts from offshore oil and gas leasing programs (about $84 million annually);

Receipts from a coastal effluent charge system applicable to all non-municipal dischargers into coastal waters ($100 million).

CELEBRATING 150 YEARS OF PUBLISHING THE MOUNT CARMEL DAILY REPUBLICAN REGISTER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. BRUCE] is recognized for 5 minutes.

Mr. BRUCE. Mr. Speaker, on Friday, June 16, we celebrate the 150th anniversary of the oldest continuing business in Wabash County and one of the oldest publishing ventures in the Midwest. The Mount Carmel Daily Republican Register began keeping its readers informed long before the Civil War and I hope will continue their service to the community for many centuries to come.

My nearly two decades of working with the Daily Republican Register are half a lifetime to me, but only a small percentage of the existence of this fine newspaper.

On June 11, 1839, the Mount Carmel Register was founded by publisher W.B. Meaney and editor J.S. Power. From W.B. Meaney to Brehm Communications, the financial backers of the newspaper have always worked to ensure that Wabash County had a publishing voice. And from J.S. Power to Phil Gower, the editors have always done their best to put out a top-quality newspaper for the people of Wabash County.

Everyone who works at the DRR—including publisher Jack Rodgers, Editor Phil Gower, Larry Reynolds, Bob Livingston, and the countless others who work behind the scenes—deserve the highest praise for their work.

Although it might be disturbing for some Democrats to encounter a newspaper with a name like the Daily Republican Register, I have been impressed with the fair-minded treatment you have given to people of all political persuasions. The paper's support for the Whig Party dating back 150 years has been replaced by a focus on Wabash County. I applaud your attention to the economy of the Mount Carmel area.

Throughout a career, it can be possible for a public official to be jaded by relationships with the media. But I have been blessed with your integrity and the integrity of the rest of the media in and around the 19th Congressional District.

Thank you for 150 years of hard work and best of luck for the next 150.

THE SUPPRESSION OF CHINESE FREEDOM MUST END

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. LIPINSKI] is recognized for 60 minutes.

Mr. LIPINSKI. Mr. Speaker, tonight we have taken a special order on the situation in China. I am being joined by two of my colleagues, the gentleman from Illinois [Mr. POSHARD] and also the gentleman from Illinois [Mr. SANGMEISTER].

I am first going to yield to the gentleman from Illinois [Mr. SANGMEISTER].

Mr. SANGMEISTER. Mr. Speaker, it is good to be here with my colleagues from Illinois. I do not know how many of us were watching, certainly those who are tennis players were watching this past weekend.

For the first time in 34 years a United States citizen won the French Open in tennis and perhaps it is more than fitting that he is only 17 years old and of Chinese heritage. Despite being the youngest player ever to win the French Open, his thoughts, at least in part, were with other students on China's mainland in their time of agony when he said, "I can only pray for them and hope everything works out."

Michael Chang will pray, and I suspect that one of his prayers will be that the U.S. Government do something whether it be the President, Congress, or both acting in concert.

To say we find ourselves in a dilemma is an understatement. There is no way we can, or would want to, back down on our commitment to human rights. However, what do we do with a regime that occupies a strategic position and has been a real offset to the Soviet Union? It is interesting to note the low profile that Mikhail Gorbachev has taken. Where does he stand on the China situation? I frankly do not see how we can turn our backs on these students even though we risk a setback to both our strategic and commercial interests. We now see an all-out effort by the MSS to find the student leaders and place them under arrest. We are told that this elite intelligence agency is at work in this country seeking out Chinese students who are studying at our universities and who were sympathetic to their homeland brethren. I applaud the President's decision to extend those visas—to do otherwise would mean certain punishment by imprisonment or possibly death upon their return. They are now expressing concern that their families back home may be subjected to incarceration because of their actions over here.

It is said we learn from history. It is important to note that when Deng Xiaoping took power he decommunalized the economy that former leader Mao tse-Tung had enforced with strict Marxist communism.

In decommunalizing it, Deng gave people a taste of capitalism and democracy. He still, however, tried to maintain a Communist Government. Perhaps that combination is impossible. The downgrading of the role of the Communist Party, and the simultaneous modernizing of the economy led to Deng's inadvertent discrediting of the Communist ideology. The ideology is based in the economy. The purpose of the party is to preserve and enforce its own power. The improvements in the economy, and the new flair of communism created a situation where the people have grown to want more. The improvements have supplied the people with more food and money, but as one student said, "We love rice, but we love democracy more."

The peaceful demonstrations stress once again, China's development from the once agrarian nation that it was to the modern nation it is becoming. This new attitude is being led by students who will not accept the past and are inspired by new ideas. They have come to a political consciousness. It is truly a revolution of rising expectations. I do not believe these new ideas and this cry for democracy can be suppressed forever. A similar thing happened during the cultural revolution under Mao. Mao's red guards burned the books of the students and took the intellectuals and marched them into the square with dunce caps on their heads. Again the students are in the square, only this time its with signs for democracy in the replica of the Statue of Liberty.

So what do we do? We have adopted a resolution that commends the Chinese students for their courage in striving for democratic political reforms and condemning the Government of the People's Republic of China for using force against its own citizens. We have expressed sympathy for the victims. We urge an open dialog between the government and the students. So far the net result has been that the students are in hiding and are being vigorously pursued by the government, our suggestions of an open dialog are being totally ignored.

It has been suggested, and I agree, that we should offer to accept as refugees those students whose unforgivable crime is to cry out for freedom and democracy. This would only be an extension of the history of our country.

In addition to extending visa's the President has suspended all military aid to China and is getting United States citizens out of the country. All commendable acts, but what further action should we take? Do we suspend all investment and trade? Do we recall our Ambassador and encourage other democratic countries to do the same? Do we try to persuade others to cut their loans and/or grants to China?

There are no easy answers, but surely as we serve here, we will eventually have to decide. To do otherwise means we only pay lip service to freedom and that is not what we are all about.

□ 1940

Mr. LIPINSKI. Mr. Speaker, I thank the gentleman from Illinois [Mr. SANGMEISTER]. I think his comments were very insightful, and I think they will go a long way to helping the American people and our colleagues here understand some of the ramifications of potential actions by the United States Government in regard to China.

Mr. POSHARD. Mr. Speaker, will the gentleman yield?

Mr. LIPINSKI. I am happy to yield to the gentleman from Illinois.

Mr. POSHARD. Mr. Speaker, where do you begin to discuss a situation like the prodemocracy movement in China?

I suppose you start with sadness over the loss of life, a sadness that is driven home graphically by the pictures and news accounts of what happened in those horrifying hours after the military moved to take control of Tiananmen Square.

But you have to continue by vowing to support the surge toward democracy that exists all around the world, but is being played out most dramatically by the people of China.

What has happened recently in Beijing and other parts of China will be chronicled in some detail, and I am sure we will continue to analyze just what happened and why it happened for some time to come.

But we can be sure of a few things at the very beginning.

The students and workers in China do not have an absolute idea of what kind of "democracy" they desire. Their experience with it, understandably, is limited at best, but their desire for it is more than admirable.

Here we have people laying their lives on the line, first through hunger strikes and open protests, later taking on armed troops with little if anything to defend themselves except their raw courage and resolve. We should try to understand that this army which opened fire was completely trusted by the people. That they would fall to the bullets and machines of the "People's" army I am sure places a further emotional hardship on a population already struggling to come to grips with what's happening in their country.

What we can probably conclude at the very least is that these protests were designed to bring an end to communism, and to bring about some kind of self-determination. I think that direction deserves, actually commands, our support and recognition.

We have, to this point, acted prudently. The President has moved to limit military relationships and has provided refuge for those whose lives might be in danger should they return to their homeland at this time.

Those steps are adequate at this point, and we are probably well served by not rushing into further action until the situation is completely played out. I trust, we in the Congress, along with the administration, will keep a close watch on further shifts in the political and social scene there, and we should stand ready to further defend the rights of those who seek democracy.

I represent Southern Illinois University, which includes a number of international students among its student body, a number of those who come from mainland China.

Shortly after the bloody massacre that claimed so many young lives, about a hundred students gathered on campus to openly grieve, grieve what has happened to people they may have never met, but feel like they know only too well, and grieve for what is happening to their country. It surely must be a terrible thing to watch your country from afar, a country which you love so very much, be torn apart, especially by what started as a noble, peaceful request for a renewed way of life.

I would like to relate a little of what happened on the Carbondale campus of Southern Illinois University, thanks to the reporting of Brian Matmiller of the Southern Illinois newspaper.

"Black armbands, white carnations, and a simple sign reading 'stop bloodshed' accented the strong emotions of local Chinese students Monday at a memorial for those killed in the military crackdown in China's capital.

"Student Jun He wept openly while reciting a poem written in response to the attack * * * then she gently unpinned the flower from her armband and placed it before the memorial wreaths set up on the steps of Southern Illinois University-Carbondale's Shryock Auditorium."

Jun He talked with her family in Beijing by phone, saying "My father told me that the son of one of his friends died * * * whoever I call, they all know someone close to them or someone in their family who died. It feels so sad."

The students then observed a moment of silence, punctuated by a vow of solidarity with those who lost their lives, and vowed to carry on the struggle for freedom.

A student named Scott Song delivered an emotional speech in his native Chinese, translated into English by his friend Lingling Han. Both students are from Beijing, and are studying at Southern Illinois University-Carbondale.

"You're so young, you didn't have time to grow up and enjoy an occupation," Han read. "Now you close your eyes forever for dreams of freedom." Those are the kinds of words that come only from people who are deeply committed, and who feel a great sense of pain from what's transpiring back home.

One student was finally quoted as saying "I hope there is something all of the people of the world can do to stop the killing."

Let me first thank again Brian Matmiller and the Southern Illinoisan newspaper of Carbondale for the information on the student's actions.

What can we do to stop the killing?

First and foremost, we must make a stand that cannot be misinterpreted, miconstrued or misunderstood, that America stands ready to defend the desire for freedom of thought, speech, and action, wherever it occurs around the world.

Surely there is no more clear example of that yearning than the one that exists, and has now apparently been crushed, in China.

Not long ago, a group of international students from the same Southern Illinois University campus visited me in my office here in Washington. It's is interesting how these kind of movements almost always seem to involve students, for we depend so much on their idealism, exuberance, and devotion.

The students came from countries around the world, and asked questions that reflected their various interests in the American system. But underneath all of their inquires, I felt they had a certain fascination with the American system, and the freedoms which we enjoy. I could not help but be encouraged about the future of our country and the world after this visit, having met and talked with so many bright, thoughtful and intellectually curious young people. In the same vein, I could not help but be terribly saddened by seeing those same qualities in the Chinese students being so brutally violated by the military of their own country.

But sadness enough is not going to get it done, and as we mourn those who have been lost, we should be resolved as those students at SIU-Carbondale are, to stand shoulder to shoulder with the people in China who seek freedom and reform.

They truly embody the spirit of our Nation, they mirror out own hopes and desires, and we can do nothing less than condemn the atrocities committed against them and resolve to support them in the near and distant future.

□ 1950

Mr. LIPINSKI. Mr. Speaker, I thank the gentleman from Illinois [Mr. POSHARD] and compliment him on a superb statement, particularly the compassion, the understanding and the sensitivity that he demonstrated in the words he expressed tonight.

In 1932, Mao Tse-tung the great helmsman and hatchet man of the Chinese Communist Party, proclaimed that "power grows out of the barrel of a gun".

Clearly, this founding paramount principle of the Chinese Communist Party is as true today as it was 57 years ago.

In early morning hours of June 4, the Chinese Communist Party showed the world by their barbaric, brutal bludgeoning of peaceful, unarmed, democratic demonstrators for democracy, that they have no right to be considered civilized citizens of a world rapidly approaching the 21st century.

By their inconceivable and incomprehensible actions in Tiananman Square, I believe that the Chinese Communist rulers have become outlaws and warlords.

I can not recall a comparable act of brutality in recent history. In China, we saw citizens of the same country, members of the same ethnic group, individuals of the same historical and cultural background, murdering the peaceful, unarmed youth of their country. In effect, the Chinese Communist Party gunned down China's greatest hope for the future.

And why did all this occur?

Because a group of old men refused to permit any degree of popular dissent. They chose to maintain the Communist dictatorship at all costs. The Chinese Communist Party truly favored the power of the gun over the will of the people.

As shocking and reprehensible as the 27th Army's attack on the students was, even more troubling is the system of suppression which has terrorized Beijing in the days since June 4.

The suppression which has developed in China is reminiscent of George Orwell's 1984. At least 820 people have been arrested and interrogated by Deng Xiaoping's version of the Thought Police, mostly for having friends or acquiantances from the West. The Communist-run television announced a hotline number for citizens to report "counterrevolutionaries" and "rumor-mongers". Just yesterday, Chinese television broadcast photographs of 21 students, and urged the public to turn them in. Many predict the students will face execution.

Most notably, the Chinese have demanded the return of Fang Lizhi, the dissident astrophysicist, who has legally sought asylum in the United States embassy. Under no circumstances should Fang Lizhi and his wife ever be returned to the Communists, for I am confident that he and her would disappear forever.

The network of propaganda, intimidation, and terror makes it clear that the aged Chinese warlords will go to any extent to guarantee their regime. One Western official said the Army shooting sprees into foreign compounds were designed to drive out the foreign eye, so the outlaws could proceed with their executions.

The attack of tanks and soliders on the peaceful demonstrators, as well as the suppression of the people over the last 10 days, has been greeted by strong condemnation from every civilized country in the world. Throughout the world, writers, politicians, and experts have expressed disbelief, and otherwise attempted to explain the murderous madness in Beijing. The United States and the West have verbally condemned the Chinese outlaws, and sympathized with the fighters for freedom. But considering the unbelievable nature of the actions of the Chinese warlord government. American and global reaction has been overly timid and cautious.

Universally, world leaders have qualified their caution with one statement: "China is too important" for the United States or any one else to take drastic action against. I realize the potential of this huge nation of 1.1 billion people, but I am not convinced that America should not enact punishments and pressures which fit the heinous crimes of the Chinese Communists.

But, now I can hear the cries of military and economic strategists:

China has 1 billion consumers, we can not turn our backs on such a potentially important market. True, America's foot is in the door, with $13 billion in yearly trade and $3.5 billion of direct investment. But if American withdrawal can hasten the arrival of democracy, the opportunities under a liberal, democratic China would be much greater than the current level of American economic interest. Besides, the Chinese have made it clear that it is our technology they want, not our products. In fact, we currently enjoy a $3.5 billion trade deficit with China (United States imports $8.5 billion from China, exports $5 billion to China). Obviously, a few Cokes and some Big Macs does not make a boom market.

Conventional wisdom also says that China is valuable as a third card in the United States-Soviet equation. But when conventional wisdom has no substance, it should be abandoned. If we believe that the expansionist threat of the Soviet Union is obsolete, we can address China independently. In fact, I believe China's barbarianism offers the perfect opportunity for the United States and the Soviet Union to work together, on a unified front, to pressure China toward democratization and freedom.

Some point to the electronic surveillance and military sight stations the United States has in China as a reason for caution. But in a world of satellite intelligence, and at a time when President Bush is proposing open skies policy with the Soviet Union, this reasoning is obsolete.

Military strategists may proclaim the important role China plays in Asia as provider of military stability. But in today's most crucial area of military instability, Cambodia, China actively supports the murderous Khmer Rouge, who killed over 1 million Cambodians when it was last in power. That seems a strange way of promoting stability. Additionally, we should not forget that the Beijing government sold Silkworm missiles to Iran, which were fired at ships in the Persian Gulf.

Geopolitical thinkers proclaim China as a necessary power to balance Japan in the Pacific theater. For all the problems I have with Japan's trading policy, I believe we should recognize Japan for what it is: a highly valuable and loyal ally which will work on our side for stability in the Pacific and elsewhere. We need not worry about Japanese military adventurism.

For too long, the United States has had to ignore gross human rights violations in order to maintain friendly relations with the Chinese. The reality of the brutal, oppressive Communist regime has been secondary to the importance of China. China massacred Tibetans, and destroyed the nation, religion and culture of Tibet. The wellbeing of the Chinese people has taken a back seat to maintaining the Communist regime. When peaceful protestors are gunned down on an international stage, enough is enough.

Perhaps a drastic economic, military, and political withdrawal from a major power is inconceivable in the modern strategic world. But I believe the brutal actions of the Chinese Communist Party were inconceivable, and demand extraordinary action.

A Washington Post headline yesterday read, "China Steps Up Criticism of the U.S." Well, I think it's time the United States steps up its criticism of China.

Deng Xiaoping entered as China's dictator claiming he wanted to take China into the modern era. But he failed to realize that economic reform and free enterprise must be accompanied by political liberalization. This fact is recognized by Mikhail Gorbachev, and easily seen in the Soviet Union and Poland. China's economic openness and restructuring did not include new freedom and participation for the Chinese people, and this led to the student demands.

The United States and all modern nations must make it clear that China will have no place in the modern world order until it meets modern standards of decency, conscience, and personal liberty. China must ban suppression of the people, not ban expression of the people.

Halting 500 million dollar's worth of arms sales to the Communists was an appropriate first step. Likewise, the extension of visas to Chinese nationals in America was important. Now, the United States should end technology exchanges with the Chinese; the current government does not deserve our helping hand in entering the modern era. Until the instability and suppression ends, the United States should halt all investment and trade with China, and work to suspend international loans. (The United States has already put a $200 million World Bank loan on hold.)

I hear the capitalists objections again. But there is nothing to be gained by American companies in a China that is as unstable as during the Cultural Revolution. The withdrawal from China would hopefully be temporary, pending democratization and political stability. Some fear the Japanese will fill in the gaps left by America. But Japan has already halted a $120 million loan for an oil project, and 100 Japanese firms suspended a major project for investment in China. The key for economic withdrawal from China is for the United States to lead all civilized countries in reprimanding China multilaterally, and creating international pressure from all sides.

One element holds America back from diplomatic withdrawal, namely the presence of Fang Lizhi in the U.S. embassy. However, I feel no obligation to maintaining diplomatic ties with any brutally suppressive regime.

America has long been, and deserves to be, the champion of freedom, democracy, and free enterprise throughout the globe. It is time to back up that role with stern words and strong actions, with determination comparable to the Communist leaders. We must use all our means to condemn the Chinese Government, fight against Communist suppression, and support the hopeful movement for democracy and freedom. We must do so before intimidation and suppression puts out the light of hope that the Chinese students created this spring, a hope for which thousands have already died.

□ 2000

H.R. 1278, FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT OF 1989

The SPEAKER pro tempore (Mr. OWENS of New York). Under previous order of the House the gentleman from Tennessee [Mr. COOPER] is recognized for 60 minutes.

Mr. COOPER. Mr. Speaker, I rise to share my views on H.R. 1278, the Financial Institutions, Reform, Recovery and Enforcement Act of 1989, otherwise known as the Savings and Loan bailout bill.

To put it mildly, this is a complex piece of legislation. It restructures the regulatory system that oversees one of our most important industries, the savings and loan industry. It calls on the S&L industry to raise substantial sums of new capital. Simultaneously, the bill confers wide discretion on the regulators to make exceptions to those capital requirements. It broadens the conservatorship, liquidation, and enforcement powers of the regulators.

I intend to support the overall package without weakening amendments, but I feel compelled to spell out my concerns with various aspects of this proposed legislation. The public has a right to know the details of the Bush administration's $150 billion proposal.

I. RECENT FEDERAL LAW ON THE THRIFT INDUSTRY

For most of its history, the savings and loan industry was a highly regulated and highly subsidized industry whose primary purpose was the promotion of home ownership. An extensive system of government-sponsored aid was set up to assist the industry in the fulfillment of its mission. The industry's primary Federal regulator was given the statutory mandate of being a booster for the industry.

For most of its more than 55-year history, this arrangement served the industry well. However, the high interest rate environment of the 1970's exacerbated the mismatch between the industry's liabilities and assets. Congress responded by providing interest rate and limited asset-side relief in 1980 and 1982. But unfortunately, the Congress did not stop there.

We went on to fashion two policies that, in hindsight, were serious mistakes. First, the Congress in two steps in 1980 and 1982 raised the level of Federal deposit insurance from $40,000 to $100,000 per person per account. This substantial 150 percent increase greatly extended the scope of Federal deposit insurance without increasing the insurance premiums to pay for the increased risk.

The second dubious policy of the 1980's was the creation of lax regulatory capital and accounting standards. Allowing the use of phony capital to finance newly granted State investment activities meant the risk of failure from those investments was effectively shifted to the Federal deposit insurance fund and to U.S. taxpayers. Unfortunately, the cost of this arrangement has proven larger than the direst of projections.

II. RECAP BILL OF 1987

In spite of these flawed policy changes of the early 1980's, Congress had a rare opportunity to set matters straight in 1987. My colleagues may recall that during 1987, the Congress groped for a way to solve the savings and loan crisis by providing its insurance fund with adequate resources to close or provide assistance to troubled institutions. My colleagues may also recall that instead of providing FSLIC with $15 billion as the agency requested we ended up authorizing less than $11 billion total, and that only after this House actually voted overwhelmingly to provide only $7.5 billion. As if that weren't bad enough, the Congress also placed annual limits on the amount of money that FSLIC could obligate and imposed numerous other restrictions on FSLIC's ability to respond to the mounting crisis.

That record from 1987 was bad enough, but the Congress didn't stop there. Included in that 1987 recap bill were explicit provisions ratifying and continuing regulatory capital. In fact, for those S&L's most at risk, we actually fashioned a program of "capital forebearance." In plain terms, that meant that Congress by statute actually precluded the regulators from requiring additional capital from those S&L's most likely to fail.

I do not recall the 1987 bill in order to remind my colleagues of unpleasantness. I do so only to point out how we only recently greatly underestimated and misconceived the problem. I believe that 1987 experience ought to lead us to think carefully about what we think we know. As the 1987 bill demonstrated, the savings and loan crisis is extremely complex.

III. THE CONTEXT OF THE CURRENT DEBATE

It is from this background that I approach the debate on the current bill. At a minimum, I do not want to see us repeat the mistakes of the recent past. As a result, I can not and will not support any bill that actually precludes the regulators from requiring additional capital. On the contrary, I believe that any workable solution must actually require the greatest amount of capital, real capital, that is economically possible.

Similarly, I cannot support a bill that relies on phony accounting principles. The oxymoron of "regulatory accounting principles" must be displaced by the usually reliable GAAP rules.

I would also be skeptical of any measures that unduly restricted the ability of the regulators to respond flexibly to changing conditions in the industry. We simply cannot tie the hands of the very people on whose expertise we must rely.

Most important of all, I will find it hard to support solutions that knowingly understates the scope of the problem. We must now level with the American people and tell them how much it will cost to set matters right. As a corollary, I believe that we have a duty to opt for the least costly solution to the taxpayers. Thus, I feel compelled to support the on-budget alternative and I will have more to say about that later in my remarks.

In addition, I believe that we must weigh carefully the impact of any new restrictions on the overwhelmingly healthy segment of the industry. It would be rough justice indeed, if we brought the healthy thrifts down in order to get at the weak ones. Any workable plan must make careful distinctions between well capitalized thrifts and weakly capitalized ones.

In examining the bill now before the House these have been my chief, but by no means exclusive, concerns. I believe that H.R. 1278 as now crafted is a close call. I have several reservations about the bill and I would like to share some of them with my colleagues.

IV. SCOPE OF THE CURRENT PROBLEM AND BUDGETARY TREATMENT

As I alluded to earlier, one of the biggest problems in 1987 was estimating the scope of the problem. There has been any number of estimates ranging from $50 billion to $250 billion over a 10-year period.

I do not know whose estimate to rely on. However, I think that it is reasonable to accord greater weight to a credible independent agency like GAO. The Government Accounting Office has just recently raised its estimate of the total cost of cleaning up the industry to more than $250 billion.

Nonetheless, H.R. 1278 calls for raising only $50 billion. As the Banking Committee indicates in its report it is relying on the administration's estimate of the problem. I would rather rely on the GAO. I am concerned that we may be guilty once again of understating the problem.

As for the budgetary treatment of $50 billion in notes authorized under the bill, I support on-budget status for the Funding Corp. Both the GAO and the CBO are satisfied that a substantial savings results if the Funding Corp. is placed on budget. Given the total cost of this bill, we need to save taxpayers whatever amount we can.

The GAO and CBO estimate that placing the plan on budget will save $4.5 billion over the life of the plan. That's a good enough reason for me.

The administration argues that placing the plan on budget will increase the deficit and disturb financial markets. But this argument assumes that financial markets haven't already reacted to the Bush plan. Counting this plan off-budget will not fool anyone as to the ultimate responsibility of the Federal Government for its success.

After all the plan as submitted by the administration sets up a funding entity REFCORP whose sole purpose is to raise money for the rescue of S&L's. REFCORP, a non-governmental entity, would sell $50 billion of bonds in the private sector and turn

the money over to a governmental entity the Resolution Trust Corp. [RTC]. Why shouldn't both entities be Government agencies and on-budget?

In fact, as the CBO has already stated that given the nature of REFCORP—its sole purpose is to raise money for the RTC, a governmental entity—that it should properly be counted on-budget even in the administration's version. Thus, CBO has stated that even explicitly making REFCORP a non-governmental entity, cannot, in its view, obscure the true nature of the Federal Government's role.

The other argument used by the administration against on-budget funding is that it would establish a bad precedent for making exemptions from Gramm-Rudman. I believe this is an exaggerated concern. The political consensus that produced Gramm-Rudman will survive this one exemption.

V. CAPITAL REQUIREMENTS

As I alluded to earlier, capital really is the key to any reform package. The bill reported by the House Banking Committee recognizes this point.

The bill requires the regulators to put in place within 180 days after enactment rules mandating a 3-percent tangible capital requirement for all federally insured institutions with an exception for those institutions who were previously allowed so-called goodwill by the regulators. For these institutions with goodwill, the bill contains a schedule for phasing it out through December 31, 1994. After that, all federally insured savings associations must meet the 3-percent tangible capital requirement.

These capital requirements are noticeably tougher than those in the original plan submitted by the President. Not only would tangible capital be enforced at an earlier date under this bill, but regulatory goodwill would be phased out in half the time.

I commend the House Banking Committee for its tough stance on capital. However, I do have a couple of areas of concern that I wish to mention briefly.

First, the bill includes a general requirement that loans to or investments in S&L service companies be deducted from the core capital requirement. However, the bill grandfathers those service subsidiaries of savings associations that meet the minimum core capital requirements. These institutions would not have to deduct investments or loans to their service subs.

While I acknowledge the limited nature of this exception, it nonetheless sets a worrisome precedent. I would prefer a clear standard that all subsidiaries be separately capitalized. If that is a sound principle, then it is not clear to me why any grandfathering is appropriate.

Another area of concern to me is the language in the explanation section of the committee report. In discussing regulatory discretion on page 434 the committee says that institutions that do not meet the core capital requirements should not be treated more severely than those who meet the standards due to allowance of goodwill.

If taken literally, the committee's view would seem an equivocation from its otherwise laudable stance on capital. If the committee is urging the regulators not to enforce the standards in the bill, then I would have grave concerns. If this language is merely further indication of the discretion allowed regulators, then I suppose its relatively harmless.

I would point out, however, that if the committee intends that the regulators, in fact, not sanction institutions without goodwill for not meeting the capital standards, this could have far reaching consequences. Since the language uses goodwill as the basis for comparison, the implication would be that the prohibited disparate treatment extends until the end of 1994, the committee, in essence, would be encouraging the regulators not to strictly enforce the capital requirements on the overwhelming majority of the industry without goodwill for a 5-year period.

Such an outcome could be disastrous. Not only would it undermine much of the intent of the bill, but it would practically, speaking, amount to reincarnation of the discredited policy of capital forbearance. I am certain that this cannot be the committee's intent. I would hope that the committee could clarify its intent as the bill moves through conference.

VI. GOODWILL

Much has been made of the use of goodwill. The committee report defines goodwill (p. 432) as an allowance granted by the regulators at the time of an acquisition or merger when the market value of liabilities exceeds that of the assets. Goodwill is, in fact, a tool deployed by the regulators to aid in the acquisition of S&L's with negative net worth. Without the recognition of goodwill, many of these insolvent institutions would still be in the hands of the regulators.

I believe that given the number of problem cases that the regulators had to deal with in the last 2 years, their allowance of goodwill made sense. This is especially true if goodwill facilitated the purchase of insolvent thrifts by well capitalized acquirors. Presumably a well-capitalized acquiror would only need to carry goodwill for a few years to enable it to turn matters around.

The problem with goodwill is when its carried by either poorly capitalized acquirors, or acquirors who are unable to make the acquired S&L profitable. In these situations, goodwill may actually be used to increase the potential loses to the deposit insurance fund by allowing excessive risk taking with little money down. All to often poorly run institutions with only goodwill as capital have literally nothing to lose.

There are those who say that this regulatory goodwill was offered by the Federal Government as a condition for the acquisition of dying institutions and that to revoke it now is equivalent to breaking an agreement. But there was no contract signed or implied in connection with the allowance of goodwill. More importantly, even if the regulator did enter into an agreement, they did not agree to have institutions with little or no capital grow by leaps and bounds.

H.R. 1278 takes a constructive stance on goodwill. The 5-year phaseout schedule is not overly burdensome. Well run institutions should be able to gradually increase their real capital.

It should be pointed out that the penalty for failing to phaseout goodwill according to the schedule is a freeze on growth not liquidation. This sanction will afford these institutions ample time to seek additional sources of capital while remaining in business.

I wonder if the bill isn't in fact too lenient on the imposition of sanctions. As I read the bill, S&L's with no capital other than goodwill even at the end of the 5-year period, may be permitted to remain in business. While it is true that the regulators can liquidate them, they are not required to do so. I would prefer a clear requirement that institutions with only goodwill as capital after 5 years be declared insolvent and either merged or liquidated.

Because I feel so strongly about this issue, its ultimate treatment will weigh heavily in determining my vote. I will not vote for any bill that substantially weakens the capital requirements now contained in H.R. 1278.

VII. REGULATORY DISCRETION VERSUS BRIGHT LINE RULES

Perhaps as important as the capital standards, is the wide discretion accorded the regulators in the bill. In fact, the capital standards depend on the wise use of regulatory discretion. While I acknowledge the inherent difficulty of writing clear rules in statute, there are, nonetheless, at least a couple of areas where the committee might have been better advised to have used clear and unambiguous rules.

One area is the use of brokered deposits. While the bill restricts the use of such deposits for undercapitalized institutions, it gives the regulators discretion to allow their continued use by troubled institutions on a case-by-case basis. Morever, undercapitalized institutions are granted a statutory right to continue using brokers to maintain their current level of deposits, even if that level has proven unwise.

I would prefer a bright-line prohibition against the use of brokers for all undercapitalized institutions. I would also prefer some percentage limitation on the amount of deposits that could be raised through brokers for all insured institutions. I would hope that the committee will reconsider this issue in conference.

Likewise, the bill contains no specific limitations or prohibition on S&L investments in so-called junk bonds. Again, while I acknowledge that the bill confers adequate authority on the regulators to curb any investment activities they deem excessively risky, I think that a clear rule would be preferable. At the very least, I would want a clear rule limiting these investments for under-capitalized institutions.

Even apart from these areas, I have an uneasy feeling over the scope of discretion given to the regulators. They can, among other things, restrict the investment activities of State chartered S&L's, limit the payment of excessive interest, as well as, decide whether to impose or suspend certain sanctions. This is considerable discretion to say the least. Not only are the regulators given broad discretion on any number of areas, but they are also given wide latitude on how to impose that discretion.

Thus, the regulators can choose to write broad rules that apply across the board or to take action on a case-by-case basis. They can hypothetically at least, impose restrictions on well-run, well-capitalized institutions that might be more appropriately applied to under-capitalized institutions. Perhaps even more worrisome, the ability to write across-the-board rules may serve as a substitute for tougher action directed at individual weak institutions.

This does not seem like an idle worry to me when one reflects on the enormity of the undertaking confronting the regulators. Lack of trained personnel may force the agencies to opt for broad rulemaking in lieu of action on a case-by-case basis. Broad rulemaking by its nature is generally characterized by compromise calculated to accommodate divergent situations, and is therefore usually not very tough. It would be ironic indeed if the availability of across the board discretion became an incentive for the regulators to refrain from targeting weak institutions.

As a result, I would prefer more explicit direction to the regulators to write rules aimed primarily at weak institutions. I would particularly prefer more precise direction to the regulators mandating particular sanctions for particular transgressions.

VIII. REGULATORY RESTRUCTURING

The bill also calls for a realignment of the regulatory structure governing the savings and loan industry. It abolishes Federal Savings and Loan Insurance Corp. [FSLIC] and sets up a separate insurance fund for thrifts under the direction of the FDIC. It abolishes the Federal Home Loan Bank Board within the U.S. Treasury Department. The credit functions of the Bank Board are placed with a new independent agency—Federal Housing Finance Board. Taken together, these changes amount to a thorough revamping of the regulatory structure governing the S&L industry.

The single most important change is the wider involvement of the FDIC in the S&L industry. The FDIC is made the insuror of all savings associations whether Federal or State chartered. In addition, the FDIC is also designated as primary regulator of State chartered S&L's.

One of the rationales for the larger role given the FDIC was the need to separate the insurance from regulatory functions. This, it was argued, played a major role in the insolvency of FSLIC. However, in bringing the FDIC to the rescue, the bill may have raised new concerns.

The most obvious concern is that one multipurpose agency is replaced by another. In place of the FSLIC, the FDIC is made both insuror and regulator at least for state chartered S&L's. One wonders why the FDIC is better suited for this dual role than the old Bank Board? Moreover, whatever problems accompany the exercise of the dual function of insuror and regulator, may have been worsened by some other changes in the bill.

For example, the bill makes some changes in the so called cost test under section 13 of the FDI Act. That test governs whether the FDIC can provide financial aid to a troubled institution or must close it down. As a general rule, the FDIC cannot provide aid if it exceeds the cost of liquidation. The bill directs the FDIC in deciding whether to provide aid, to also factor in both the short- and long-term liabilities of the insurance fund. This change could be more significant than meets the eye.

The FDIC, and by extension the RTC, is apparently directed by this new requirement to minimize its liabilities. This could, in turn, lead the FDIC in its role as regulator, to take actions, or refrain from taking actions, in order to hold down its costs both short term and long term.

This could be especially crucial, if, as seems likely, the cost of cleaning up insolvent savings associations has been substantially underestimated by the administration. It would appear pretty clear that the FDIC will acquire a vested interest in the success of this rescue package. If the agency, or the RTC, becomes strapped for funds, it may take actions as regulator in order to help its position as insuror. Indeed, it now has a statutory mandate of sorts to do so.

Thus the vast discretion accorded the FDIC could be used to minimize its insurance costs. This would be an undesirable and unfortunate development. The likelihood of the FDIC taking this approach cannot be predicted, but it could have been mitigated by inserting a couple of items.

One thing the committee could have done would have been explicit acknowledgement of the conflict and inclusion of protective measures. The committee could have required formal procedures to delineate when the FDIC acts as regulator versus insuror. A specific ban against the sharing of certain information, at least at the staff level, could have been included.

Another omission in the bill that may have the effect of worsening this conflict, is the absence of any schedule for liquidating insolvent thrifts. Presumably, the cost test will determine whether an S&L is to be liquidated. However, once it is required to be liquidated, there is little guidance as to when or how it should be done. While the bulk of this work rests with the RTC, the FDIC presumably determines when the RTC gets an insolvent thrift. The conflict may provide an incentive for the FDIC to hold insolvent thrifts, so as to have the most beneficial short run impact on the insurance fund.

I realize that there are extensive reporting requirements in the bill that may hold the FDIC's feet to the fire. I am not convinced that these requirements can alleviate the potential problems. I am therefore hopeful that the committee will take the opportunity to re-assess during conference the dual function assigned the FDIC.

I am also worried about the personnel available to the FDIC. The case for a larger FDIC role in rescuing the S&L industry centered initially on its extensive expertise in bank liquidations. But the FDIC is being called on to perform more than just liquidations. In fact, given the role of the RTC, it is not clear how involved the FDIC will actually be in liquidations. Far more important to the success of the FDIC will be its role as regulator and critical to that will be its role as risk assessor for the thrift industry. In fact, the committee report exhorts the FDIC to develop the expertise and to establish what it refers to as, "risk assessment analysts."

The one area of expertise critical to the FDIC's enlarged role is the very area in which it has had the least experience. How can the agency prudently exercise its enormous discretion if it has had little experience in making the kinds of judgements that this bill calls for? The result is likely to be, as I state above, the FDIC will likely be too sweeping in crafting rules, because its easier than case by case fighting. These broad rules will either be too lenient or too tough. Either runs the

risk of doing enormous harm to an already troubled industry.

If the FDIC is to make the kinds of tough rules directed at the problem institutions it will need trained personnel at an early date. I would require at a minimum that the FDIC and the Office of Thrift Supervisor report back to Congress in a matter of weeks after enactment on their progress in acquiring and/or training in risk analysts.

IX. THE RESOLUTION TRUST CORPORATION [RTC]

The bill creates a new governmental entity designed to hold, manage or liquidate the assets of failed thrifts to be known as the Resolution Trust Corporation [RTC]. The RTC has a 3-year lifespan. It is responsible for thrifts and the assets thereof acquired after January 1, 1989. That means that the RTC will have responsibility for the roughly 200 S&L's that the FDIC has assumed stewardship since the administration's announcement on February 6, and the hundreds more that will surely follow. This makes the RTC one of the most significant government agencies around. There are some aspects of its powers that are somewhat worrisome.

One of the most important duties of the RTC is to hold and manage properties, including real estate, of failed S&L's. In this rule, the RTC could exercise enormous power over local real estate markets. I share the concern of others that the RTC exercise this vast power in a way that will not disrupt local real estate markets. I am generally satisfied with the various advisory boards called for in the bill.

The relationship between the RTC and FDIC seem somewhat unclear to me. Presumably, the RTC will take charge of institutions only after the FDIC has either declared them insolvent or placed them under supervisory agreements. The decision on whether to do either rests properly with the FDIC. What may be in need of clarification is which agency sets the rules that govern an institution under a supervisory agreement?

If, for example, the FDIC has entered into a supervisory agreement with certain restrictions therein but decides to turn the institution over to the RTC. Could the RTC permit that same institution to operate albeit under tight supervision, but under less restrictive rules? Even if the answer to the above hypothetical is "no," the RTC could still allow institutions under its jurisdiction to operate under different rules than those permitted by the FDIC. This is especially troublesome since the RTC is given the authority, under certain circumstances, to obligate the FDIC.

The RTC also has authority to contract with the FDIC. Presumably the RTC could contract with the FDIC for the latter to serve as conservator. This could be done across the board or on a more limited basis. There could be inconsistent rules applied to institutions under Federal conservatorship facing identical local economic conditions.

Since the FDIC presumably has more expertise on setting restrictions, including assessing risk, the RTC should be required to follow any restrictions imposed by the FDIC. Some clear language should be included to make sure that two agencies do not impose conflicting rules.

More worrisome, the bill (sec. 501) permits the RTC to take warrants—including voting and nonvoting shares—in institutions. Presumably, this authority is intended to be used in limited situations, yet the bill offers no guidance on the use of this authority. How much equity can the RTC acquire and for how long? Can the RTC pass any equity position assumed along to the FDIC? Since the RTC is a government entity, does any such stake expire upon the termination of the RTC or does it survive?

I am concerned that this open ended authority may be a continuation of the questionable policies of the 1980's when the FHLBB was permitted to assume such positions in hundreds of thrifts. I recognize that equity positions may sometimes be necessary, but they should be a last resort.

The RTC is also given broad authority to provide financial assistance (sec. 215) before appointment of a conservator or receiver. The bill lays out two broad categories for application for such assistance. The second category appears to confer a right on institutions falling within the specified criteria to receive such aid unless the RTC makes a specific finding that liquidation will be less costly. The criteria appear to be aimed at institutions with supervisory goodwill from economically depressed regions which have no record of fraud.

The committee report states that the RTC "must" approve the aid unless it makes a specific finding that liquidation would be less costly. The burden of proof appears to rest with the RTC.

This program could well become a last gasp for institutions with supervisory goodwill. It is not clear why these institutions are entitled to stand at the front of the line in receiving Federal financial assistance. I worry that this language could force the RTC to continue to underwrite undercapitalized institutions. I would prefer that all applications for assistance stand on an equal footing.

X. DEPOSIT INSURANCE REFORM

Finally, and perhaps most important of all, H.R. 1278 does not address the issue of Federal deposit insurance reform. As I mentioned above, raising the $100,000-per-account ceiling in the early 1980's was probably a mistake. The decision doubtless expanded the reach of the Federal safety net to include large depositors.

I think it's time to rethink the whole issue of Federal deposit insurance. There are numerous reform proposals including lowering the ceiling, limiting any ceiling to a single account per individual all the way to total privitization. Each of these proposals has merit and deserves careful study.

H.R. 1278 calls for an extensive study of deposit insurance reform and a report to Congress within 18 months of enactment. I support the study. We have, however, had similar studies in the past. I hope this will be the last one, and that we can get on with the difficult chore of reforming Federal deposit insurance.

Thank you, Mr. Speaker, for your patience in allowing this special order to be conducted so that some of the details of tomorrow's S&L bill be examined.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HUBBARD (at the request of Mr. BROOKS), for today, due to death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. QUILLEN) to revise and extend their remarks and include extraneous material:)

Mr. BURTON of Indiana, for 60 minutes, today.

Mr. DANNEMEYER, for 60 minutes, on June 21.

Mr. DANNEMEYER, for 60 minutes, on June 22.

Mr. DANNEMEYER, for 60 minutes, on June 23.

Mr. FRENZEL, for 5 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. STUDDS, for 5 minutes, today.

Mr. BRUCE, for 5 minutes, today.

Mr. COOPER, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. QUILLEN) and to include extraneous matter:)

Mr. GINGRICH.

Mr. GOODLING.

Mr. GREEN.

Mr. HYDE.

Mr. ROHRABACHER.

Mr. BURTON of Indiana.
Mr. RITTER.
Mr. CONTE.
Mr. BROOMFIELD in two instances.
Mr. SOLOMON.
Mr. HERGER.
Mrs. MORELLA.
Mr. BUNNING.
Mr. GILLMOR in two instances.
Mr. OXLEY.
Mr. CLINGER.
Mr. GALLO.
Mr. MCEWEN.
Mr. REGULA.
Mr. STUMP.
Mr. YOUNG of Florida.
Mrs. JOHNSON of Connecticut.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. APPLEGATE.
Mr. DINGELL.
Mr. STARK.
Mr. AUCOIN.
Mr. SIKORSKI.
Mr. YATRON.
Mr. COLEMAN of Texas.
Mr. HAMILTON in two instances.
Mr. DWYER of New Jersey.
Mr. TORRES.
Mr. MANTON in two instances.
Mr. MATSUI.
Mr. DIXON.
Mr. KENNEDY.
Mr. FOGLIETTA.
Mr. EVANS.
Mr. TRAFICANT.
Mr. LIPINSKI.
Mr. DARDEN.
Mr. PEASE.
Mr. WEISS.
Mr. SCHUMER.
Mr. FLORIO.
Mr. MFUME.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 46 minutes p.m.), the House adjourned until tomorrow, Thursday, June 15, 1989, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1349. A letter from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a copy of proposed legislation to provide the Superintendent of the U.S. Military Academy authority to confer the degree of master of arts in leader development; to the Committee on Armed Services.

1350. A letter from the Assistant Secretary for Legislation, Department of Education, transmitting a copy of the final regulations for the guaranteed student loan default reduction initiative; to the Committee on Education and Labor.

1351. A letter from the Administrator, Small Business Administration, transmitting the semiannual report of the agency's Inspector General for the period October 1, 1988, to March 31, 1989, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

1352. A letter from the Deputy Associate Director for Collection and Disbursements, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1353. A letter from the Deputy Associate Director for Collection and Disbursements, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1354. A letter from the Deputy Associate Director for Collection and Disbursements, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1355. A letter from the Administrator, Agency for International Development and the Acting President and Chairman, Eximbank of the United States, transmitting the Agency's semiannual report on the amount and extension of credits under the Trade Credit Insurance Program to Costa Rica, Guatemala, Honduras, and El Salvador as of March 31, 1989, pursuant to 22 U.S.C. 2184(g); jointly, to the Committees on Banking, Finance and Urban Affairs and Foreign Affairs.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

The Committee on Merchant Marine and Fisheries discharged from further consideration of H.R. 1485; H.R. 1485 referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GIBBONS (for himself and Mr. FRENZEL):

H.R. 2628. A bill relating to customs user fees; to the Committee on Ways and Means.

By Mr. WAXMAN:

H.R. 2629. A bill to amend part B of title XVIII of the Social Security Act to provide for payment for physicians' services under the Medicare Program with reference to a resource-based relative value scale; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. MCCURDY:

H.R. 2630. A bill to amend the Fair Labor Standards Act of 1938 to increase the minimum wage and to amend the Internal Revenue Code of 1986 to increase the amount of the earned income tax credit; jointly, to the Committees on Ways and Means and Education and Labor.

By Mr. AUCOIN:

H.R. 2631. A bill to amend title 18, United States Code, to provide a mandatory minimum 7-year prison sentence for the unlawful possession of a firearm by a convicted felon, a fugitive from justice, a person who is addicted to, or an unlawful user of, a controlled substance, or a transferor or receiver of a stolen firearm, to substantially increase the general penalty for violation of Federal firearms laws, and to substantially increase the enhanced penalties provided for the possession of a firearm in connection with a crime of violence or drug trafficking crime; to the Committee on the Judiciary.

By Mrs. BOXER (for herself, Mr. EVANS, Mr. FOGLIETTA, Mr. AUCOIN, Mrs. LOWEY of New York, Mr. LEVINE of California, and Mr. DEFAZIO):

H.R. 2632. A bill to amend title 10, United States Code, to improve the management of major weapons systems in the Department of Defense; to the Committee on Armed Services.

By Mr. BROOMFIELD:

H.R. 2633. A bill to amend title 10, United States Code, and the Act entitled "An Act to authorize appropriations for the fiscal year 1973 for certain maritime programs of the Department of Commerce, and for related purposes", to require that certain vessels of the Department of the Navy and the Department of Transportation shall be partially scrapped before being used, respectively, for experimental purposes and as offshore artificial reefs, and for other purposes; jointly, to the Committees on Armed Services and Merchant Marine and Fisheries.

By Mr. CROCKETT:

H.R. 2634. A bill to amend the Immigration and Nationality Act to exempt travelers from Belize from the user fee for immigration inspection; to the Committee on the Judiciary.

H.R. 2635. A bill to prohibit assistance to influence the 1990 elections in Nicaragua; jointly, to the Committees on Foreign Affairs and the Permanent Select Committee on Intelligence.

By Mr. GIBBONS:

H.R. 2636. A bill to make the Superfund petroleum tax consistent with the General Agreement on Tariffs and Trade; to the Committee on Ways and Means.

By Mr. GOODLING (for himself, Mr. COLEMAN of Missouri, Mr. PETRI, Mr. GUNDERSON, Mr. BARTLETT, Mr. TAUKE, Mr. FAWELL, Mr. HENRY, Mr. GRANDY, Mr. BALLENGER, Mr. SMITH of Vermont, Mr. EDWARDS of Oklahoma, Mr. GINGRICH, Mr. HUNTER, Mr. WEBER, Mr. JAMES, Mr. KYL, Mr. HILER, Mr. UPTON, Mr. NIELSON of Utah, Mr. KOLBE, Mrs. JOHNSON of Connecticut, Mr. CLINGER, Mrs. VUCANOVICH, Mr. WELDON, Mr. GREEN, Mr. DUNCAN, Mr. CHANDLER, Mr. COBLE, Mr. INHOFE, Mr. HOUGHTON, Mr. THOMAS of California, Mr. ROHRABACHER, Mr. CRAIG, Mr. ROTH, Mr. DOUGLAS, Mr. HYDE, Mr. SMITH of Mississippi, Mr. IRELAND, Mr. WALKER, Mr. HANCOCK, Mr. LIGHTFOOT, and Mr. DEWINE):

H.R. 2637. A bill to amend the Internal Revenue Code of 1986 to increase the amount of the earned income tax credit for taxpayer with school age or preschool age children, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes; jointly, to the Committees on Ways and Means and Education and Labor.

By Mr. HERGER:

H.R. 2638. A bill concerning assistance to the People's Republic of China and Tibet under the Foreign Assistance Act of 1961; to the Committee on Foreign Affairs.

By Mr. JENKINS:

H.R. 2639. A bill to amend the United States-Canada Free-Trade Agreement Implementation Act of 1988 in regard to cultural industries; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mrs. JOHNSON of Connecticut:

H.R. 2640. A bill to extend the Steel Import Stabilization Act for an additional 3 years and to improve the availability of steel during conditions of short supply; to the Committee on Ways and Means.

By Mr. JONTZ (for himself, Mr. GLICKMAN, Mr. EVANS, and Mr. SCHUETTE):

H.R. 2641. A bill to remove aflatoxin contaminated corn in the 1988 or 1989 corn crop from the food chain, to provide indemnification to producers of such corn, and to assure foreign and domestic markets of U.S. corn a safe, high quality product; to the Committee on Agriculture.

By Mr. McMILLAN of North Carolina (for himself, Mr. JONES of North Carolina, Mr. VALENTINE, Mr. LANCASTER, Mr. PRICE, Mr. NEAL of North Carolina, Mr. COBLE, Mr. ROSE, Mr. HEFNER, Mr. BALLENGER, Mr. CLARKE, Mr. RAVENEL, Mr. SPENCE, Mr. DERRICK, Mrs. PATTERSON, Mr. SPRATT, Mr. TALLON, Mr. HATCHER, Mr. BARNARD, Mr. RAY, Mr. HARRIS, Mr. CALLAHAN, Mr. FLIPPO, Mr. JONES of Georgia, Mr. CLEMENT, Mrs. LLOYD, Mr. GRANT, Mr. SMITH of Mississippi, Mr. MONTGOMERY, Mr. ESPY, Mr. IRELAND, Mr. OLIN, Mr. ERDREICH, Mr. TANNER, Mr. DARDEN, Mr. FASCELL, Mr. GORDON, Mr. LEHMAN of Florida, Mr. SISISKY, Mr. LEWIS of Georgia, Mr. GOSS, Mr. JOHNSTON of Florida, Mr. LEWIS of Florida, Mr. WHITTEN, Mr. NELSON of Florida, Mr. BROWDER, Mr. MCCOLLUM, Mr. JAMES, Mr. SHAW, Mr. THOMAS of Georgia, Mr. COOPER, Mr. FORD of Tennessee, Mr. BLILEY, Mr. PARRIS, Mr. SMITH of Florida, and Mr. HUTTO):

H.R. 2642. A bill granting the consent of the Congress to amendments to the Southeast Interstate Low-Level Radioactive Waste Management Compact; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

By Mr. MARKEY (for himself, Mr. SWIFT, Mrs. COLLINS, Mr. ECKART, Mr. RICHARDSON, Mr. SLATTERY, Mr. BRYANT, Mr. BOUCHER, Mr. MANTON, Mrs. BENTLEY, Mr. WALGREN, Mr. DEFAZIO, Mr. TRAFICANT, Mr. SMITH of Florida, Mr. EVANS, Mr. LIPINSKI, Mr. GONZALEZ, Mr. JOHNSON of South Dakota, Ms. KAPTUR, Mrs. BOXER, Mr. MCDERMOTT, Mr. JONTZ, Mr. SIKORSKI, and Mr. ROBINSON):

H.R. 2643. A bill to amend the Communications Act of 1934 to prohibit foreign ownership of cable television systems, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MONTGOMERY (by request):

H.R. 2644. A bill to amend title 38, United States Code, to authorize the Department of Veterans' Affairs to require mandatory disclosure of Social Security numbers in claims for disability and death benefits; to the Committee on Veterans' Affairs.

By Mrs. SAIKI:

H.R. 2645. A bill to amend the Internal Revenue Code of 1986 to exclude from gross income the gain on certain sales of lands subject to ground leases; to the Committee on Ways and Means.

By Mr. SMITH of Texas (for himself, Mr. FISH, and Mr. MCCOLLUM):

H.R. 2646. A bill to amend the Immigration and Nationality Act to provide for special immigrant status for certain aliens designated by the President; to the Committee on the Judiciary.

By Mr. STUDDS (for himself, Mr. HUGHES, Mr. PALLONE, Mr. BENNETT, Mrs. UNSOELD, Mr. SAXTON, and Ms. SCHNEIDER):

H.R. 2647. A bill to provide for the protection and preservation of coastal and Great Lakes environmental quality for present and future generations; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

By Mr. TORRES (for himself, Mr. BATES, Mr. BEILENSON, Mr. BERMAN, Mr. BROWN of California, Mr. BOSCO, Mr. DE LUGO, Mr. CARPER, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. EDWARDS of California, Mr. FAZIO, Mr. GARCIA, Mr. LEVINE of California, Mr. MARTINEZ, Mr. MINETA, Mr. OBERSTAR, Mr. ORTIZ, Ms. PELOSI, Mr. ROYBAL, Ms. SCHNEIDER, Mr. SKELTON, Mr. RICHARDSON, Mr. WAXMAN, Mr. WOLPE, AND Mrs. UNSOELD):

H.R. 2648. A bill to amend the Solid Waste Disposal Act to require producers and importers of lubricating oil to recycle a certain percentage of used oil each year, to require the Administrator of the Environmental Protection Agency to establish a recycling credit system for carrying out such recycling requirement, to establish a management and tracking system for such oil, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WALGREN:

H.R. 2649. A bill to direct the Secretary of Health and Human Services to promulgate national standards regarding the provision of health insurance to individuals with preexisting conditions, to require States to adopt such standards or equally effective laws, rules, or regulations, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WATKINS (for himself, Mr. SYNAR, Mr. MCCURDY, and Mr. INHOFE):

H.R. 2650. A bill to provide for the use and distribution of funds awarded the Seminole Indians in dockets 73, 151, and 73-A of the Indian Claims Commission; to the Committee on Interior and Insular Affairs.

By Mr. WAXMAN (for himself, Mr. MADIGAN, Mr. ROWLAND of Georgia, Mr. TAUKE, Mr. SYNAR, Mr. LELAND, and Mr. MILLER of California):

H.R. 2651. A bill to amend title V of the Social Security Act to revise and improve the Maternal and Child Health Block Grant Program; to the Committee on Energy and Commerce.

By Mr. MCCOLLUM:

H.J. Res. 295. Joint resolution designating December 1, 1989, as "Day of the Child"; to the Committee on Post Office and Civil Service.

By Mr. HOYER:

H. Res. 174. Resolution electing Representative Slaughter of New York to the Committee on Rules; considered and agreed to.

By Mr. FAZIO:

H. Res. 175. Resolution providing funds for the Office of the Speaker; considered and agreed to.

By Mr. BAKER:

H. Res. 176. Resolution expressing the sense of the House with respect to illegal drugs and narcotics control; jointly, to the Committees on the Judiciary; Energy and Commerce; Armed Services; Foreign Affairs; Public Works and Transportation; Merchant Marine and Fisheries; and Ways and Means.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

147. By the Speaker: Memorial of the Legislature of the State of Illinois, relative to the appropriation of funds for research into mental illness; to the Committee on Appropriations, June 14, 1989.

148. Also, memorial of the State Assembly of the State of California, relative to Lake Norconian; to the Committee on Armed Services.

149. Also, memorial of the House of Representatives of the State of Illinois, relative to amendments to Regulation Y proposed by the Federal Reserve Board; to the Committee on Banking, Finance and Urban Affairs.

150. Also, memorial of the House of Representatives of the State of Illinois, relative to S. 448; to the Committee on the Judiciary.

151. Also, memorial of the Legislature of the State of Texas, relative to the ratification of a proposed amendment to the Constitution of the United States relative to the compensation of Members of the United States Congress and when any variations therein shall take effect; to the Committee on the Judiciary.

152. Also, memorial of the Legislature of the State of Texas, relative to excluding the coastal mainland of Brazoria County from the Coastal Barrier Resource System; to the Committee on Merchant Marine and Fisheries.

153. Also, memorial of the House of Representatives of the State of Illinois, relative to the 1990 census; to the Committee on Post Office and Civil Service.

154. Also, memorial of the House of Representatives of the State of Illinois, relative to giving preference to persons receiving public assistance for work on the 1990 census; to the Committee on Post Office and Civil Service.

155. Also, memorial of the Legislature of the State of Texas, relative to funds to launch the space station Freedom; to the Committee on Science, Space, and Technology.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Ms. OAKAR introduced a bill (H.R. 2652) to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel M/V *South Bass*; which was referred to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 5: Mr. OBERSTAR and Mr. SIKORSKI.

H.R. 8: Mr. GALLEGLY, Mr. WOLF, and Mrs. PATTERSON.

H.R. 45: Mr. BOSCO.

H.R. 101: Mr. JONTZ.

H.R. 109: Mr. PENNY and Mr. SIKORSKI.

H.R. 110: Mr. WHITTAKER and Mr. LIPINSKI.

H.R. 239: Mr. COLEMAN of Missouri, Mr. BILBRAY, Mr. FORD of Tennessee, Ms. OAKAR, Mr. FORD of Michigan, and Mr. POSHARD.

H.R. 293: Mr. SIKORSKI, Mr. MCDERMOTT, and Mr. WOLPE.

H.R. 343: Mr. SAXTON.

H.R. 411: Mr. DEFAZIO.

H.R. 425: Mr. YOUNG of Florida, Mr. CAMPBELL of California, Mr. GALLEGLY, Mr. SOLARZ, and Mr. SHAW.

H.R. 537: Mrs. PATTERSON, Mr. WEBER, Mr. LIVINGSTON, Mr. GOSS, Mr. NIELSON of Utah, and Mrs. UNSOELD.

H.R. 628: Mr. EDWARDS of Oklahoma.

H.R. 660: Mr. BRENNAN.

H.R. 775: Mr. UPTON, Mr. FORD of Michigan, and Mr. RINALDO.

H.R. 777: Mr. NIELSON of Utah, Mr. BORSKI, Mr. BUSTAMANTE, Mr. CLAY, Mr. COUGHLIN, Mr. FEIGHAN, Mr. HERTEL, Mr. KOSTMAYER, Mr. MARTIN of New York, Mrs. MARTIN of Illinois, Mr. MOODY, and Mr. WELDON.

H.R. 830: Mr. HERTEL, Mr. FLORIO, Mr. NEAL of Massachusetts, Ms. OAKAR, Mr. DELLUMS, Mr. LEWIS of Georgia, Mr. MARTINEZ, Mr. MRAZEK, Mr. HUBBARD, Mr. SCHEUER, Mr. HUGHES, Ms. KAPTUR, Mr. JACOBS, Mr. CHAPMAN, Mrs. COLLINS, Mr. EVANS, Mr. SHAYS, Mr. ECKART, and Mr. BOSCO.

H.R. 929: Mr. FRANK.

H.R. 962: Mr. ERDREICH.

H.R. 993: Mr. LELAND.

H.R. 995: Mr. JONTZ.

H.R. 1025: Mr. ATKINS, Mrs. BENTLEY, and Mr. GUARINI.

H.R. 1047: Mr. WEISS, Mrs. LOWEY of New York, Mr. TAUKE, Mr. SAVAGE, Mr. HATCHER, Mr. STARK, Mr. KASTENMEIER, Mr. SKELTON, Mr. COOPER, Mr. THOMAS of Georgia, Mr. TALLON, Mr. GRANT, Mr. EVANS, Mr. GEJDENSON, Mr. COMBEST, and Mr. SKAGGS.

H.R. 1068: Mr. CAMPBELL of Colorado, Mr. COSTELLO, Mr. MINETA, and Mr. HASTERT.

H.R. 1095: Mr. CLINGER, Mr. HORTON, and Mr. INHOFE.

H.R. 1130: Mr. CONYERS, Mr. GEJDENSON, Mr. POSHARD, Mr. RICHARDSON, Mr. SAVAGE, and Mr. TRAXLER.

H.R. 1153: Mr. EDWARDS of Oklahoma.

H.R. 1166: Mrs. PATTERSON.

H.R. 1167: Mrs. PATTERSON.

H.R. 1181: Mr. MCMILLAN of North Carolina, Mr. MURPHY, Mr. BILIRAKIS, and Mr. WILSON.

H.R. 1182: Mrs. COLLINS, Mr. GUARINI, Mr. FOGLIETTA, Mr. PETRI, and Mr. UPTON.

H.R. 1183: Mr. GUARINI, Mrs. COLLINS, Mr. FOGLIETTA, Mr. DE LUGO, Mr. PETRI, and Mr. UPTON.

H.R. 1194: Mr. GUARINI.

H.R. 1200: Mr. SCHIFF, Mr. CONYERS, Mr. ROWLAND of Georgia, Mr. STOKES, Mr. HUBBARD, Mr. BRYANT, Mr. SISISKY, Mr. LAGOMARSINO, Mr. BATEMAN, Mr. WHITTAKER, Mr. FORD of Tennessee, Mr. HUGHES, Mrs. LLOYD, Mr. JAMES, Ms. OAKAR, Mr. THOMAS A. LUKEN, Mr. DONALD E. LUKENS, Ms. KAPTUR, Mr. BROWN of Colorado, Mr. KASICH, and Mr. ESPY.

H.R. 1243: Mr. YATRON.

H.R. 1292: Mr. RINALDO.

H.R. 1307: Mr. YOUNG of Florida and Mr. MAVROULES.

H.R. 1356: Mr. MARTINEZ.

H.R. 1358: Mr. SPENCE.

H.R. 1383: Mrs. COLLINS, Mr. DAVIS, and Mr. OBERSTAR.

H.R. 1391: Mr. SMITH of New Jersey, Mrs. MARTIN of Illinois, and Mrs. MEYERS of Kansas.

H.R. 1439: Mr. ROSE.

H.R. 1525: Mr. MARKEY.

H.R. 1532: Mr. MURPHY, Mr. OWENS of New York, and Mr. FAZIO.

H.R. 1645: Mr. LEWIS of California and Mr. ROHRABACHER.

H.R. 1649: Mr. KOLTER, Ms. KAPTUR, Mrs. COLLINS, Mr. DEFAZIO, Mr. OWENS of New York, Mr. FAZIO, Mr. BRYANT, Mr. ANTHONY, Mr. BATES, Mr. SOLOMON, and Mr. SIKORSKI.

H.R. 1661: Mr. STOKES, Mr. WHEAT, Mr. POSHARD, Mr. MURPHY, Mr. JONTZ, Mr. WOLPE, Mr. ATKINS, Mr. KLECZKA, Mr. WALGREN, Mrs. SAIKI, Mr. BORSKI, Mr. KASTENMEIER, Ms. PELOSI, Mr. DEFAZIO, Mr. SAVAGE, Mr. BOEHLERT, Mr. CONYERS, Mr. BRYANT, Mr. VENTO, Mr. EVANS, Mr. HOYER, Mr. STUDDS, Mrs. MORELLA, Mr. DINGELL, Mr. ENGEL, Mr. OBEY, Mr. TRAXLER, Mr. DYSON, Mr. SABO, Mr. JOHNSON of South Dakota, Mr. MFUME, Mr. SHAYS, Mr. GEJDENSON, and Mr. HOCHBRUECKNER.

H.R. 1676: Mr. VENTO.

H.R. 1710: Mr. HYDE, Mr. BATES, Mr. JONTZ, Mr. HAWKINS, Mr. DE LA GARZA, Mr. PAYNE of New Jersey, Mr. SISISKY, Mr. PRICE, Mr. PICKETT, Mr. MORRISON of Washington, Mr. FAZIO, Mr. GRANT, Mr. JOHNSTON of Florida, Mr. WALSH, Mr. JONES of North Carolina, Mr. SCHUETTE, and Mr. BALLENGER.

H.R. 1720: Mr. PRICE, Mr. ROE, and Mr. ENGEL.

H.R. 1994: Mr. BUSTAMANTE, Mr. FOGLIETTA, and Mrs. UNSOELD.

H.R. 2002: Mr. SMITH of New Hampshire and Mr. PORTER.

H.R. 2022: Mr. PARKER, Mr. DOUGLAS, Mr. INHOFE, Mr. MADIGAN, Mr. ATKINS, Mr. VOLKMER, and Ms. PELOSI.

H.R. 2025: Mr. WEISS.

H.R. 2076: Mr. DE LUGO and Mr. STARK.

H.R. 2083: Mr. GINGRICH and Mr. WALSH.

H.R. 2086: Mr. COSTELLO, Mr. SOLOMON, Mr. PACKARD, Mr. EMERSON, Mr. MICHEL, Mrs. PATTERSON, Mr. FAWELL, Mr. MADIGAN, Mr. JONTZ, Mrs. BOXER, and Mr. NIELSON of Utah.

H.R. 2110: Mr. MOORHEAD, Mr. LAGOMARSINO, and Mr. BARTON of Texas.

H.R. 2132: Mr. HASTERT, Mrs. SAIKI, Mr. ARMEY, Mr. SMITH of New Hampshire, Mr. ROE, Mr. SHUMWAY, Mr. SCHUETTE, Mr. RIDGE, Mr. BALLENGER, Mr. BLILEY, and Mr. PACKARD.

H.R. 2133: Mr. HASTERT, Mrs. SAIKI, Mr. ARMEY, Mr. SMITH of New Hampshire, Mr. ROE, Mr. SHUMWAY, Mr. SCHUETTE, Mr. RIDGE, Mr. BALLENGER, Mr. BLILEY, and Mr. PACKARD.

H.R. 2136: Mr. MCEWEN, Mr. HENRY, Mr. IRELAND, Mr. PENNY, Mr. GINGRICH, Mr. JONTZ, Mr. DEFAZIO, Ms. SNOWE, Mr. LAGOMARSINO, Mr. SUNDQUIST, Mr. SMITH of Mississippi, Mr. DANNEMEYER, Mr. BURTON of Indiana, Mr. HASTERT, Mr. KILDEE, Mr. WEBER, Mrs. COLLINS, Mr. INHOFE, Mrs. JOHNSON of Connecticut, Mr. FRENZEL, and Mr. MORRISON of Washington.

H.R. 2168: Mr. SMITH of Florida, Mr. FAZIO, Ms. LONG, Mr. VENTO, Mr. LEWIS of Georgia, Mrs. JOHNSON of Connecticut, Mr. DYMALLY, Mrs. PATTERSON, Mr. ATKINS, Mr. KOLTER, Mr. FEIGHAN, Mr. ROYBAL, and Mr. KILDEE.

H.R. 2209: Mr. DINGELL, Mr. JACOBS, Mr. OBEY, and Mr. SIKORSKI.

H.R. 2228: Mr. MANTON.

H.R. 2259: Mr. BAKER, Mr. DOUGLAS, Mr. HANCOCK, Mr. MACHTLEY, Mr. MCCOLLUM, Mr. PARRIS, Mr. DENNY SMITH, and Mr. YOUNG of Florida.

H.R. 2273: Mr. TORRICELLI, Mr. JONES of North Carolina, Mr. PANETTA, Mr. RAVENEL, Mr. TRAFICANT, Ms. OAKAR, Mr. DEFAZIO, Mr. WATKINS, Mr. FASCELL, Mr. PAYNE of New Jersey, Mr. RIDGE, Mr. SIKORSKI, Mr. STARK, Mr. TORRES, Mr. HUGHES, Mrs. BYRON, Mr. SMITH of Florida, Mr. HOCHBRUECKNER, Mr. WILSON, Mr. LELAND, Ms. SLAUGHTER of New York, Mr. COSTELLO, Mr. EVANS, and Mr. DARDEN.

H.R. 2274: Mr. BAKER, Mr. BUSTAMANTE, and Mr. BILIRAKIS.

H.R. 2312: Mr. CROCKETT, Mr. DYMALLY, Mr. MRAZEK, Mr. SOLOMON, Mrs. UNSOELD, and Mr. WALSH.

H.R. 2351: Mr. BAKER, Mr. BILBRAY, Mrs. SAIKI, Ms. SCHNEIDER, Mr. BILIRAKIS, and Mrs. PATTERSON.

H.R. 2360: Mr. PALLONE, Mr. MCGRATH, Mr. INHOFE, and Mr. NIELSON of Utah.

H.R. 2361: Mr. PARKER, Mr. BUSTAMANTE, and Mrs. BENTLEY.

H.R. 2362: Mr. PARKER and Mr. BUSTAMANTE.

H.R. 2373: Mr. HERTEL and Mr. STENHOLM.

H.R. 2388: Mr. ESPY, Mr. EMERSON, Mr. GUNDERSON, Mr. HORTON, Mr. HATCHER, Mr. MCEWEN, Mr. POSHARD, and Mr. LAGOMARSINO.

H.R. 2395: Mr. WALSH, Mr. VANDER JAGT, Mr. GORDON, Mr. HENRY, and Mr. PACKARD.

H.R. 2406: Mr. RINALDO and Mr. LIPINSKI.

H.R. 2460: Mr. SANGMEISTER.

H.R. 2487: Mr. FASCELL.

H.R. 2493: Mr. BERMAN, Mr. MARTINEZ, Ms. KAPTUR, and Mr. TRAFICANT.

H.R. 2503: Mr. FAZIO.

H.R. 2521: Mr. DEFAZIO.

H.R. 2561: Mr. ATKINS, Mr. LAGOMARSINO, Mr. FORD of Michigan, Mr. PAXON, and Mr. RINALDO.

H.J. Res. 46: Mr. EVANS.

H.J. Res. 111: Mr. BORSKI, Mr. HAYES of Illinois, Mr. HYDE, Mr. GRANT, Mr. PANETTA, Mr. HOYER, Mr. AUCOIN, Mr. WALSH, Mr. ECKART, Mr. LEVIN of Michigan, Mr. IRELAND, Mr. LANTOS, Mr. LENT, Mr. HATCHER, Mr. GARCIA, Mr. MINETA, Mr. HENRY, Mr. BILBRAY, Mr. LEWIS of Florida, Mr. MCMILLEN of Maryland, Mr. LEHMAN of Florida, Mr. MURPHY, Mr. FASCELL, Mr. HANCOCK, Mr. OLIN, Mr. ORTIZ, Mr. PALLONE, Mr. PORTER, Mr. NATCHER, Mr. CONTE, Mr. RAVENEL, Mrs. SAIKI, Mr. PICKETT, Mr. SAVAGE, Mr. LIPINSKI, Mr. FAWELL, Mr. DIXON, Ms. PELOSI, Mr. ASPIN, Mr. SPRATT, Mr. GINGRICH, Mr. UPTON, and Mr. TRAFICANT.

H.J. Res. 126: Mr. TANNER, Mr. NOWAK, Mr. FORD of Michigan, Mr. CHANDLER, Mr. FOGLIETTA, Mr. GOODLING, Mr. ANNUNZIO, Mr. HEFNER, Mr. MCHUGH, Mr. CONTE, Mr. MFUME, Mr. PRICE, Mr. MONTGOMERY, Mr. BARNARD, Mr. HUTTO, Ms. PELOSI, Mr. MOORHEAD, Mr. BUNNING, Mr. FORD of Tennessee, Mr. MADIGAN, Mr. MILLER of Washington, Mr. WHITTEN, Mr. CALLAHAN, Mr. KASICH, Mr. YATRON, Mr. RICHARDSON, Mr. CRANE, Mr. KILDEE, Mr. GONZALEZ, Mr. HALL of Ohio, Mr. COLEMAN of Missouri, Mr. SCHUETTE, Mr. PICKLE, Mr. STARK, Mr. QUILLEN, Mr. BORSKI, Mr. SPENCE, Mr. EARLY, Mr. COUGHLIN, Mr. BALLENGER, Mr. HASTERT, Mr. WELDON, Mr. HYDE, Mr. MARKEY, Mr. LIPINSKI, Mr. DUNCAN, Mr. LEVIN of Michigan, Mr. SMITH of Vermont, Mrs. BENTLEY, and Mr. LANTOS.

H.J. Res. 199: Mr. EDWARDS of Oklahoma.

H.J. Res. 208: Mr. LEACH of Iowa.

H.J. Res. 221: Mr. BLILEY, Mr. CLARKE, Mr. DE LUGO, Mr. ERDREICH, Mr. HAWKINS, Mr. HENRY, Mr. LAFALCE, Mr. LELAND, Mr. MCCOLLUM, Mrs. MEYERS of Kansas, Mr. NIELSON of Utah, Mr. SAVAGE, and Mr. YATRON.

H.J. Res. 223: Mr. STENHOLM, Mr. FEIGHAN, Mr. SHAYS, Mr. MCHUGH, and Mr. JONTZ.

H. Con. Res. 23: Mr. KENNEDY.

H. Con. Res. 39: Mr. SHUSTER, Mr. RHODES, and Mr. ROBINSON.

H. Con. Res. 79: Mr. HYDE.

H. Con. Res. 87: Mr. SOLOMON, Mrs. COLLINS, Mr. MCNULTY, Mr. ATKINS, Mr. SMITH of New Jersey, Mr. MADIGAN, Mr. ESPY, Mr. STUDDS, Mr. BERMAN, Mr. FRANK, Mr. VANDER JAGT, Mr. KOLTER, Mr. YATES, Mr. LANTOS, Mr. SPRATT, Mr. HAWKINS, Mr. PANETTA, Mr. NEAL of North Carolina, Mr. HAMILTON, Mr. BROOMFIELD, Mr. CONTE, and Mr. FASCELL.

H. Con. Res. 88: Mr. DELLUMS and Mr. CARPER.

H. Con. Res. 92: Mr. SCHUETTE, Mr. DE LUGO, Mr. VANDER JAGT, Mr. WATKINS, Mr. ROHRABACHER, Mr. BORSKI, Mr. DYMALLY, Mr. JENKINS, Mr. GRANT, Mr. TAUKE, Mr. MANTON, Mr. RHODES, Mr. PALLONE, Mr. BATEMAN, Mr. LENT, Mr. WALSH, Mr. MCEWEN, Mr. FLIPPO, Mr. PURSELL, Mr. EMERSON, Mr. FAWELL, Mr. FAUNTROY, and Mr. LOWERY of California.

H. Con. Res. 131: Mr. MCEWEN.

H. Res. 157: Mr. FAZIO, Mr. SKAGGS, Mrs. PATTERSON, Mr. DWYER of New Jersey, Mr. DANNEMEYER, and Mr. PANETTA.

PETITIONS, ETC.

Under clause 1 of rule XXII,

51. The SPEAKER presented a petition of the City Council, Fort Worth, TX, relative to tax-exempt bonds; which was referred to the Committee on Ways and Means.